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20 March 1985

# West Europe Report

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20 March 1985

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ARMS CONTROL

BELGIUM

# POLL SHOWS 45 PERCENT AGAINST CRUISE MISSILES

Brussels LA LIBRE BELGIQUE in French 12/13 Jan 85 p 2

[Article: "Exclusive Poll: One Belgian Out of Two Against Deployment"]

[Text] What do Belgians think of the development of Euromissiles in our country? We asked Marketing Unit, a specialized company, to take an exclusive poll on this subject, and it appears that nearly one out of every two people questioned is against any installation of missiles in our country.

It should be noted that our poll was taken in mid-December, in the midst of the controversy which divided the majority, so before negotiations were begun again in Geneva.

A majority of respondents--54 percent--said that they were sufficiently concerned about the missiles problem for it to be a factor if elections were to be held soon.

The results are fairly homogeneous in the three regions, but residents of Brussels, by a ratio of 60 percent, would link their vote most closely to the missile question.

1. Would the missile problem influence your vote if elections were to be held soon, or not?

|                 | <u>Kingdom</u> | <u>Flanders</u> | <u>Wallonia</u> | <u>Brussels</u> |
|-----------------|----------------|-----------------|-----------------|-----------------|
| --certainly     | 27             | 25              | 26              | 31              |
| --probably      | 27             | 27              | 25              | 29              |
| --probably not  | 17             | 21              | 15              | 12              |
| --certainly not | 26             | 23              | 33              | 27              |
| --no opinion    | 3              | 4               | 1               | 7               |

2. Among the following decisions which the government could take, which is the one which seems wisest to you? (We have included the possibilities considered by the political world at the end of 1984).

|   | <u>Kingdom</u> | <u>Flanders</u> | <u>Wallonia</u> | <u>Brussels</u> |
|---|----------------|-----------------|-----------------|-----------------|
| --decide immediately to deploy the missiles                 | 18             | 16              | 22              | 19              |
| --wait 3 months then reevaluate the international situation | 11             | 12              | 9               | 17              |
| --wait until the end of 1985 then decide                    | 19             | 16              | 20              | 21              |
| --defer permanently the deployment of missiles in Belgium   | 45             | 47              | 42              | 40              |
| --no opinion  | 7              | 9               | 7               | 3               |

Nearly one out of every two Belgians questioned--45 percent--favored the permanent deferral of missile deployment, and 1 voter out of 5, 18 percent, want it immediately. One-third of those questioned (11 and 19 percent) favors postponing the political decision. And the number of those not expressing an opinion is very slight (7 percent); Belgians seem to have already committed themselves on the subject.

Some disparities do appear between the regions. The Flemish are the most "anti-missile" (4 percent in favor of permanent postponement, 16 percent in favor of an immediate decision), and the Wallonians are the most positive (22 percent in favor of an immediate decision). Residents of Brussels take a middle-of-the-road position.

3. Of the possibilities suggested in the preceding question, which do you think the government will choose?

|   | <u>Kingdom</u> | <u>Flanders</u> | <u>Wallonia</u> | <u>Brussels</u> |
|---|----------------|-----------------|-----------------|-----------------|
| --decide immediately to deploy the missiles                 | 17             | 15              | 17              | 23              |
| --wait 3 months then reevaluate the international situation | 27             | 22              | 28              | 42              |
| --wait until the end of 1985, then decide                   | 34             | 37              | 31              | 25              |
| --defer permanently the deployment of missiles in Belgium   | 6              | 8               | 6               | 4               |
| --no opinion  | 16             | 18              | 18              | 6               |

whereas 45 percent of Belgians questioned favor the permanent postponement of missile deployment, only 6 percent think that that is what the government will do.

In fact, the majority of respondents think that there will be a deferral of the political decision until after a specific period of time (either in March, or after the end of the year, after the elections). Here, opinions vary according to the region: the Flemish and the Wallonians believe there will be a decision at the end of the year, whereas Brussels residents think the decision will be made in March.

[Section in box]

This exclusive poll was carried out at the request of LA LIBRE BELGIQUE between 10 and 14 December 1984 by Marketing Unit, a company specializing in market studies and opinion polls, with a population sample of 2,077 Belgians 21 years of age and over, chosen in quotas by sex, age and social class.

The distribution of the polls was 649 Wallonia, 928 in Flanders, and 500 in Brussels-Hal-Vilvorde.

Affiliations: Esomar-Febelmar

9824

CSO: 3619/45

POLITICAL

AUSTRIA

NEUTRALITY, TECHNOLOGY TRANSFER PROBLEMS FOR FOREIGN POLICY

Vienna DIE PRESSE in German 6/7 Oct 84 p 5

/Article by Peter Martos, editorial staff member: "Neutrality Within Shrinking Borders"/

/Text/ "Ideologically committed to 'neutrality' and theoretical pluralism, it dispenses with philosophical and scientific substantiation and ... subscribes to relatively abstract values--freedom, justice, solidarity."

This characterization of Social Democracy--voiced by a Communist focusing on the "shortcomings"--appears to be applicable also to the ideological foundation of Austria's foreign policy. In other respects, too, the parallels between Marxist evaluations of Social Democracy's political theory and Vienna's political practice are unmistakable: Reconciliation between Capital and Labor versus mediation between East and West; wage-price regulation by consensus versus economic cooperation on the basis of mutual benefit; reorganization of nationalized industry versus promotion of export, etc.

As has repeatedly been demonstrated by the OeVP /Austrian People's Party/, the neutral state's foreign policy is not expressly based on social-democratic principles; nor can it be analyzed--let alone pursued--on the basis of Dialectical Materialism. This may possibly be one of the reasons underlying Moscow's recent criticism. But exactly what are the elements that determine the relations between the Danubian republic in the heart of Europe and its neighbors or the rest of the world? In the present phase of increasing tensions, is it sufficient to declare oneself committed to the task "to guarantee the republic's independence and autonomy and to ensure the economic prosperity of its people," as Federal Chancellor Fred Sinowatz stated in his inaugural address? One may also question the following statement: "On the basis of the peace treaty and of permanent neutrality, it is necessary to continue a policy of active neutrality that guarantees the people a peaceful existence and all the advantages deriving from international cooperation"--that is one may question whether this statement will hold up in the reality of the East-West, North-South, top-bottom and other conflicts and whether and how it can be put into practice.

In his interview with the PRESSE, Foreign Minister Leopold Gratz meant precisely this when he spoke of continuity--all the differences in emphasis vis-a-vis Erwin Lanc notwithstanding--and of his intention to pursue an "Austrocentric



policy," no matter whether this would involve interceptors, technology transfers, simple bilateral questions or global problems. This is what is called a practice-oriented policy.

The word practice is closely related to the word practicable; the two terms are defined by the same coordinates: Ideal case (theory) and necessity. A small neutral state between antagonistic blocs, Austria is not capable--not even through an effort of will--of pursuing the foreign policy its theorists consider appropriate. In the ministry on Ballhaus Square, one therefore finds three types of diplomats: The tiny group of "ideologists" from all kinds of factions; the group--hardly any more numerous--of those deliberately staying within the system of coordinates, and then the overwhelming majority, that is those who proceed step by step, who--in the last analysis--react rather than act. This is not meant to be a disparagement: There are many reasons why a ministry of foreign affairs can act only within the framework of prevailing conditions; and for at least as many reasons, a policy based on independent concepts and values is practically impossible.

A concrete, rather typical case may illustrate this: When in the late summer of 1983 preparations were made for Sinowatz' visit to Hungary, there arose the question as to what "concrete" results would be attainable in view of the close relations between the two countries. No, this visit did not produce another loan of billions that would have created jobs for domestic enterprises putting up hotels in Hungary. Nevertheless, the solution was again found in the economic realm. Since the most important projects have not yet been wrapped up, any detailed discussion would be counterproductive. It is a fact, however, that in regard to foreign policy Austria frequently--all too frequently?--falls back on economics whenever ideological bridges or cooperation-oriented approaches are impracticable. The federal chancellor's recent visit to Bulgaria is a case in point.

In May 1983, in his first interview with this paper, newly-appointed Foreign Minister Erwin Lanc stated one of his most important tasks was to pave the way for Austria's trade and industry. This should not be viewed negatively; after all, the diplomat has always been occupying a listening post, thus also scouting out marketing possibilities for his country. Such an approach gets risky only if it turns into a fixation, if, for example, visits are nothing but a tool for initiating business deals. The following case is an illustrative example of this outlook.

To be sure, Lanc' visit to Iran had nothing to do with any kind of outlook; rather, it had to do with the fact that Austria's national airline was about to reestablish the Vienna-Tehran route after the situation under the Khomeini Regime had "stabilized in a way conducive to business." That this was not the case (see the gulf war against Iraq or the continual executions) was apparent also from the subsequent comments of the diplomatically very eloquent minister. The visit followed precisely the course a sharp-tongued observer has called "Austria's neutrality zigzag." Tehran's request for high-level contact was met without any ideological concessions. The AUA [Austrian Airways] is not yet certain whether this will yield any economic benefits; the airline probably would soon discontinue unprofitable flights.

Austria's foreign policy thus is marked by pragmatism. "In its first year, the Sinowatz Government succeeded in dynamically developing its foreign policy, that is in pursuing the same course under changing conditions," Erwin Lanc recently wrote in the PRESS. At present, it is Leopold Gratz who is following this course. But exactly what is this course "under changing conditions"? Is it a matter of skilfully dodging the prevailing pressures? Or could foreign policy possibly be compared to a road that in spite of all forced changes of direction requires a firm foundation, a foundation such as is provided by "leadership"? Those who want to blacktop quicksand have to pay as high a price as those who follow the seemingly most negotiable path.

#### What About Dealing With Dictatorships?

The internal discussion, which for various reasons remains unpublished, is a good indicator of the degree of acceptance of Austria's foreign policy, and comments are made in all quarters. Among ministry officials, there are those who in terms of party politics are at odds with both Lanc and Gratz, and then there are their colleagues of the younger generation. While the former privately deplore a lack of integration in the "free-world community," the latter keep pointing to the "dependence on America." It goes without saying that these views are grounded on ideology: Conservatives versus Socialists.

In certain respects, the criticism the bourgeois-liberal diplomats have been leveling against Vienna's foreign policy in general and against Lanc in particular is inconsistent. A frequent complaint is that in dealing with dictatorships, the government--for fear of controversy--disregards principle and changes its policy depending on whether it is a rightist or a leftist regime it is up against. An unmistakable anti-Communism precludes comparisons between states such as Chile and the CSSR: While the former is considered capable of returning some day to western-style pluralism, such a change is held to be out of the question in regard to the latter. Depending on the degree of perspicacity, these critics regard Vienna's course as soft or even submissive toward the Eastern Bloc and they see an espousal--ranging from covert to overt--of Marxist tenets. It is hardly surprising that in the tiresome dispute over the technology transfer it is these circles who want Austria to be more militant than the Pentagon. And since the changeover from Lanc to Gratz, these critics have not grown any less insistent. The inconsistency in regard to the principled stand expected of a neutral state remains alive in this respect, too.

The criticism coming from the left is more complex. Among other things, it is concerned with "pragmatism" in general and trade promotion in particular. It is above all the young socialist hotheads who see no need for Austria to maintain so broad a range of trade relations. Their objections are by no means restricted to the interceptor problem or the issue of arms exports; nevertheless, the opposition against tank shipments to Chile clearly revealed the ideological prejudice.

It is in regard to South Africa that the call for a principled stand is most insistent. At every one of the Socialist Party's internal discussions, these circles point out the problems resulting from maintaining relations with the Apartheid Regime of South Africa. To these groups, the visit to Vienna by the

South African prime minister, Pieter W. Botha, was a welcome opportunity to denounce the Federal Government's policy as excessively pragmatic. But they were appreciative of the harsh language Gratz used in his U.N. speech.

Austria's position between the two superpowers, i.e. the basic, neutrality-related component of our foreign policy, is the favorite target of these left-ists. It goes without saying that they deny any bias on their part. To prove the impartiality of their stand, they point to their having protested as much against the Soviet invasion of Afghanistan as against the American intervention on the Caribbean island of Grenada.

The real criterion is Nicaragua, however: According to this view, the Sandinistas are victims of the all-powerful United States; and the Castroist experiment in Managua is considered the acid test of revolutionary change on that far-away continent; Cuba's role as mediator for Moscow is nothing but U.S. propaganda. Since the overthrow of dictator Anastasio Somoza, Nicaragua has become a testing ground for the various trends in Austria's foreign policy. Labeled by conservative critics as the "showpiece leftist with the Lord's image"--resorted to pragmatism here, too; as for Gratz, his first utterances suggest that he is going to adopt a similar position.

#### A Discussion Conducted in Silence

A still more telling example of the fundamental differences in outlook is the dispute over the so-called technology transfer, that is the passing-on of American computer programs and elements to the Eastern Bloc. According to the most radical position, which is reminiscent of Mao Zedong's three-worlds theory, any state that sticks with the superpowers will eventually go to the dogs. These purists of the international arena have much in common with those circles of the West German Social Democrats and of the Greens who are dreaming of a Europe between the great powers. Continental neutralization instead of permanent neutrality?

The position of the Socialists' ruling wing--which on account of the distribution of forces within the red-blue coalition (and also on account of the protagonists' respective competences) represents Austria's official position--is bound to be more programmatic. In some of the statements made in this discussion marked by silence, insiders reportedly detected differences of opinion even among SP Government members. The fact is that in trying to settle the conflict with Washington, Ferdinand Lacina, the official in charge of all matters concerning "technology transfer," has been showing moderation and great skill. And at the recent meeting between Gratz and his American counterpart, George Shultz, the American showed much understanding.

Naturally, the problem has both a practical and an ideological component. Middle-class circles have little sympathy for the argument that it is up to Austria to determine the type, volume and composition of exports to the East. Possibly underestimating the American contribution to the complications, they hold that in the interest of its own development the small neutral state should be grateful for advanced technology and should see to it that Washington's wishes are met.

This view ignores two aspects of the "leftist" and of the "pragmatic" argumentation: The fact that again and again it is subsidiary and letterbox firms of American enterprises which sell--via Vienna or other transshipment centers of East-West trade--sensitive products to the Soviet Union; and secondly, the fact that in regard to highly developed programs and elements it is impossible clearly to differentiate between U.S. exports and Austria's own contribution.

The course presently prevailing appears to be the one that in search of a satisfactory solution is prepared to accept certain restrictions that have been specified within the framework of NATO on the basis of the COCOM list. To be sure, this will hardly be sufficient to prevent critical comments in Soviet and American media, but that should not be the republic's main concern, provided it has staying power. If it acts in accordance with its neutrality principles, it cannot be accused of having provoked the attacks. Naturally, the East-West conflict restricts a small European state's freedom of action, without that state being able to influence things--be it through action or through inaction.

Above all, this is true of "the" trouble spot of international politics, the Near East conflict, without Vienna having paid special attention to it. But whereas Federal Chancellor Bruno Kreisky in his efforts on behalf of PLO leader Yasser Arafat in the 1970's had been aided by external circumstances, his successors--faced with the Palestinians' military defeats against Arab states--have no chance of distinguishing themselves. Soberly assessing their choices, Sinowatz, Lanc and--in all probability--a pro-Israel Gratz restrict themselves to series of visits to economically interesting countries of the Middle East. (They would anyway be unable to compete with Kreisky comments such as those made during the recent interview with the Israeli newspaper HAARETZ.) In this respect, too, foreign policy serves as the pacemaker of Austrian enterprises.

Aside from the East-West conflict, Europe has so far been left out of consideration in this discussion. And yet, no other area is as likely to give rise to conflicts as are the Austrian activities concerned with the Continent. The integration efforts that Austria--along with the other members of the European Free Trade Association (EFTA)--is making vis-a-vis the larger, dominant EC are apt to arouse suspicion on the part of the leftists. After all, this represents a unilateral approach to one side.

In regard to European politics, however, the Young Socialists appear to be doubly realistic: Firstly, they know where the greater economic advantages are to be gained, and secondly, even they recoil from the regimentation that would result from closer cooperation with the Soviet Bloc's CEMA. The example of Finland, which contrary to all protestations of mutual benefit has become some kind of Soviet backdoor leading to Western know-how, appears to hold no attraction for anyone. Nevertheless, the large volume of trade with the East makes the critics from the other side suspect excessive dependence.

By contrast, Austria's mediatory role in regard to the global East-West areas of European relations is hardly disputed. Whether an Austrian appeal to the superpowers to start negotiating in earnest would make an impression on anyone; whether compromise proposals by neutral and nonaligned states (N + N) at the

Stockholm Conference for Disarmament and Development of Trust will be sufficient to generate progress--however minimal--if the overall constellation of world politics does not change; whether the willingness to host the superpower conference on space weapons would have been sufficient to produce a "spirit of Vienna," if the conference had taken place--all this is more than doubtful and clearly exceeds the capabilities of a small neutral state.

To be sure, Federal President Rudolf Kirchschlaeger and his Hungarian counterpart, Pal Losonczi, have come to an agreement. The greater the tensions between the great powers, the greater must be the efforts put forth by the others to ease them. Critics who want Austria to be restricted to its own area of competence fail to appreciate the fact that in the present world of interdependencies foreign policy is not what a small state engages in, but what the world permits it to engage in.

In this process, continuity is out of the question. We Austrians should be satisfied, however, if we manage in practice to maintain our neutrality. For pragmatism may be the first step on a dangerous road, the road toward neutralism. And Austria wants to remain a western-style democracy--now, 29 years after the peace treaty, and in the future.

8760

CSO: 3620/62



POLITICAL

DENMARK

SDP REDUCES ACTIVITIES IN FINANCIAL CRUNCH

Copenhagen BERLINGSKE TIDENDE in Danish 10 Feb 85 p 1

[ Article: "Social Democrats Cut Down Activities"]

[Text] The Social Democrats now have a deficit in the million-kroner category. The Social Democrats' leadership discussed the deficit at a day-long meeting on Saturday at Christiansborg. Following the meeting, the party's vice chairman, Knud Heinesen, declined to discuss how large the deficit is.

"No final accounting for 1984 exists yet," he said. "But that is not unusual." He did not wish to state whether the deficit was over or under a million kroner.

"But it will take one, two, yes, maybe three years to 'hack it down,'" Heinesen said. "There must be savings on many things in the coming years, and a whole series of savings measures have been prepared."

Knud Heinesen acknowledged that the party's external activities will be cut back first and foremost. The savings also will affect the traditional summer rally, as well as internal administration. There will be two fewer party functionaries within a short time. They are both leaving by reason of age, and their positions will not be refilled. Finally, he acknowledged that the million-kroner deficit will affect the international cooperation on which great emphasis normally is placed.

12578

CSO: 3613/113



POLITICAL

DENMARK

BRIEFS

AFRICAN NATIONAL CONGRESS OFFICE--South Africa's black resistance organization, the African National Congress (ANC), has an office in Denmark. ANC's representative, 32-year old Aaron Mnisi, already has arrived in the country. A suitable location has not yet been found for the ANC representative office, but until further, it will be housed by ASF Danish People's Help Organization in Copenhagen--according to World University Service, one of the four organizations which have joined together to pay for the establishment and, until further, the operations as well, of the ANC representative office. Since the ANC office does not have diplomatic status, it does not require the approval of Danish authorities. [Text] [Copenhagen INFORMATION in Danish 14 Feb 85 p 10] 12578

CSO: 3613/113

POLITICAL

FINLAND

DEPARTING COMMUNIST PAPER EDITOR SEES SKDL SPLIT LIKELY

Helsinki HUFVUDSTADSBLADET in Swedish 9 Feb 85 p 11

[Article by Staffan Bruun]

[Text] The People's Democrats and the communists can look forward to a fateful spring. The Finnish CP is holding an extraordinary congress and the party could have a definitive breakup at that time. In May SKDL [Finnish People's Democratic League] will hold a congress where relations between the communists and the socialists will be reviewed. Johan von Bonsdorff left the Finnish CP 2 years ago. This spring he will step down as editor in chief of NY TID. He believes that SKDL's split into three parties is becoming an increasingly realistic possibility.

"It is a necessity for the Finnish CP to break up and for the minority to form its own party.

"The conflict in the Finnish CP involves not only two sides and two points of view but two entirely different ways of looking at the world."

According to von Bonsdorff Taisto Sinisalo and those who agree with his views are still living in the underground era when communists were persecuted and an open discussion was impossible.

"The majority of party members realize that the world has changed and also see some good in nonsocialist democracy, see things they want to preserve.

"At the same time there is also a Stalinist tradition within the majority, of course. Formally they talk about democracy and discussion among party members. In reality the party apparatus is led from above."

Johan von Bonsdorff said that both the minority and the majority are convinced that they are personally in possession of the complete, final and absolute truth.

"This has become a religious dogma. 'The communists know the truth about the world. Our views are worth more than those of others. Therefore we do not have to listen to anyone else.'

"That has always been the predominant attitude within the minority but it is also strong among the majority."

Isn't that always the way it is with communists? That they do not accept any opinions but their own? Look at the socialist countries.

"It does not have to be like that. An open discussion is being carried on in the Italian Communist Party. Communists of every conceivable hue get along and discuss things with each other. But it is obvious that the debating culture in Italy is different than it is in Finland.

"Despite the power struggle in the Finnish CP an open and progressive debate has also sprung up here recently. There is a more open discussion going on in the central committee now than there has been for a long long time."

Dishonest

The attempt to keep the Finnish CP together is dishonest in a way, according to Johan von Bonsdorff.

"The only thing that has prevented a definite split so far is that neither side wants to take responsibility for the final breakup.

"The majority has realized what must be done to keep the party's substructure from being gradually eroded. There must be a total reevaluation of today's society. A total reevaluation of the Finnish CP's role in society.

"Efforts are already under way to enable the Finnish CP to adjust to the computer age, to the information society, to the fact that nature and the environment set limits to growth.

"Lars D. Eriksson gave a definitive speech on these issues in December. The reception was overwhelmingly favorable."

Modernization requires orderly conditions in the party, Johan von Bonsdorff pointed out. These cannot be created under the present circumstances.

"There is a risk that the party leadership's steps to create a reliable Finnish CP will push the modernization efforts into the background. The requirement of loyalty will become the main thing.

"If the Finnish CP is to regain the confidence of the voters both factions must come to terms.

"The party has been held together in an artificial way while the factions have been on a collision course with each other all along. This is dishonest and people realize that."

But wouldn't a split mean weakening the left wing that lies "to the left of the Social Democrats" for a long time to come?

"A lot of people will become dispossessed. But it is quite possible that as many as three left-wing parties 'to the left of the socialists' will be better able to meet the expectations of their supporters after a transition period. In Denmark, where such a split has taken place, the left wing is stronger, than it was before the communist party broke up."

Did he think that a split would not be a catastrophe for the left wing?

"One cannot talk of catastrophes when it comes to political groupings. Society gets the groups it deserves. It is as simple as that."

Could be Difficult

What will happen to SKDL when the Taistoites leave the Finnish CP is very unclear, von Bonsdorff said.

"The debating climate will naturally be easier without the Taistoites. Up to now all the decisions have been final on the part of the 'junta.' Positions have been set in cement.

"So far it has been easy for the socialists and the majority to hold together. They have united in the struggle against the minority.

"No one knows how it will be when the minority is gone. But the modernization debate that has been going on for many years within SKDL has not created any opposition to speak of within the majority. Therefore it is quite possible that they will be able to get along with each other.

"On the other hand developments in the Finnish CP could lead to the majority feeling a need to present a profile of reliable Marxism-Leninism. If that happens the formation of a socialist or people's democratic party is not an unrealistic idea.

"Only 21 percent of the SKDL membership belongs to the Finnish CP. That is vital to bear in mind in this context."

Moscow Important

A Finnish communist does not ignore Moscow's opinions, Johan von Bonsdorff said in reply to the question of how important relations with the East are.

"There is an emotional tie to Moscow. The majority can get along without contacts with the Kremlin but they do what they can to maintain contacts.

"In many West European communist parties there is a need to demonstrate a certain distance from the Soviet Union. In Finland the communists have no interest in going against the Soviet Union.

"However the socialists sometimes show their dissatisfaction about certain phenomena in the Soviet Union."

Is there any point in talking about a socialist Finland? After all that is not what the majority of the Finnish people want.

"That depends on what you mean by a socialist Finland. If you look at the goals of the labor movement 60-70 years ago you will note that a great many of the socialist program goals of that period have become a reality.

"That just shows how well capitalism can adapt to developments.

"The gurus of the 19th century never suspected how much influence the labor movement would have. Or how flexibly the employers could adapt periodically to developments.

"The private business sector has also accepted such 'socialist' goals as increased equalization and social reforms, even if the brakes have been applied today.

"But to talk about a 'socialist Finland' is reminiscent of the way religious people talk about the kingdom of God. One should maintain a realistic everyday perspective about both things."

Ballast

But why retain the objective of a socialist Finland when the voters draw parallels with the East and want absolutely nothing to do with it?

"The socialism that is now in existence does not have much to do with Finland.

"During the last 5-10 years SKDL has actually examined today's society much more thoroughly than the other parties have done. How do people function, what are they dissatisfied with, what are their goals, and so forth?

"The difference between us and the 'greens' is that we try to influence the balance of power in society, not just separate subsections. In spite of that we are very close to each other on many issues.

"Our problems are due to a large extent to the fact that many people adhere without thinking to the traditional and historic demands that the labor movement has been making since the 19th century. In spite of the fact that the development of society has gone past these demands, people are reluctant to give them up. For example, they want to hold onto jobs at all costs, regardless of environmental considerations."

Do the People's Democrats want to get rid of the ballast?

"There are those who want to and those who do not. This is a big problem. SKDL will hold a congress in May. We may get a hint of the general mood then. I see this as a vital issue for the organization. I am not particularly optimistic."

Von Bonsdorff left the Finnish CP 2 years ago. If the old traditions survive the SKDL congress will he leave the organization?

"I have not even thought about it. There are many members of SKDL who realize that policy must be renewed, that we must throw ourselves into today's situation without prejudice. We will see if there are enough of them."

The SKDL congress will elect a new chairman to succeed Kalevi Kivisto.

"The main thing is that the new chairman should not be an old political fox. Political experience is a good thing, but in view of the mood in this country it is not at all certain that familiarity with the old way of conducting politics can be regarded as an advantage.

"Therefore I support a younger candidate who could symbolize the new SKDL. Hilikka Aalto, the chairman of the Social Democratic committee, could be such a candidate."

6578

CSO: 3650/181



POLITICAL

FINLAND

# FORMER SKDL SECRETARY HENTILA DISTANCES SELF FROM COMMUNISTS

Helsinki HELSINGIN SANOMAT in Finnish 2 Mar 85 p 12

[Article: "Jorma Hentila: 'SKP Was Not My Political Home'"]

[Text] "I have never felt the Communist Party to be my real political home," says Jorma Hentila, former general secretary of the SKDL [Finnish People's Democratic League] and editor-in-chief of ALKOHOLIPOLITIIKKA, explaining the reasons for his resignation from the party.

Hentila resigned from the party when he grew tired of waiting for the party to implement intellectual reforms.

"The leadership of the SKP [Finnish Communist Party] has taken aim at clarifying the organizational situation, but signs of intellectual reform are not to be seen. The leadership is too embedded in the old politics, it lives in the past," says Hentila, criticizing the majority led by Arvo Aalto.

Nor was Hentila pleased by the SKP leaders' demand that there should be uniformity in thought and action. "The demand for uniformity has not been limited just to SKP members but has also been directed at SKDL organizations. I am worried about the SKDL in the pressure of an SKP civil war."

Hentila announced his resignation a few days ago at his division's yearly congress. He is still a member of the SKDL and considers it his proper political home more than the bickering party.

## Not Involved in Leadership Race

Hentila's transformation from communist to socialist does not mean that he would now be ready to vie for the soon-to-be-vacant post of SKDL chairman. The position is reserved for a socialist. "My resignation from the SKP is the best life insurance against it."

Besides, Hentila points out that he would be very inconsistent if he returned to organization life, which he left a few months ago after having had his fill.

Hentila is among the most visible communists who have left the party. He judges, however, that there are many in the party who feel like orphans.

The SKP has an extraordinary party congress at the end of the month, but Hentila did not find it justifiable to wait around for it. He does not believe that even after it idealism will be stressed in the party.

Hentila joined the SKP in 1958 and was a member of the party's Central Committee from 1978 to 1984. He was general secretary of the SKDL from 1977 to November of last year and assistant general secretary for several years before that. Hentila has been criticized by name at least once in the Soviet press.

12327

CSO: 3617/88

POLITICAL

FINLAND

# KOIVISTO DEMANDS ADVANCE NOTICE BEFORE PICTURED ON TV NEWS

Helsinki HELSINGIN SANOMAT in Finnish 4 Mar 85 p 9

[Article: "Koivisto's Interpretation of Kiuru's Letter: Always Advance Notice When President on Screen"]

[Text] According to the interpretation of President Mauno Koivisto, the general manager of the Finnish Broadcasting Corporation [YLE], Sakari Kiuru, has confirmed for him by letter that "if the president of the republic is shown on the television screen, then notice of it will be given in advance." Koivisto wants to adhere to this promise and tradition.

Koivisto stressed in an interview he gave to Commercial Television's Sunday report that he does not want a special place for himself in television's news operations. "I thought that when the YLE's administrative council meets, it would certainly be good if specialist Pekka Silvola were invited to hear how things were run previously," said Koivisto.

In the letter to which Koivisto alluded, Kiuru explained the long-standing practice of the YLE to Koivisto last April exactly this way:

"The program workers must contact the President of the Republic or, in practice, the office chief if standpoints on principle or foreign policy taken by the President of the Republic are dealt with in the program."

## Facts Were Denied in Letter

Koivisto forcefully directed the dissatisfaction he feels toward the press at the YLE and its TV 1. "Generally speaking, I have not had an awful lot to complain about, nor would there have been this kind of uproar if the YLE had not responded to a phone call by a letter in which the obvious facts were denied and from which it appeared that individuals in leadership positions had not familiarized themselves with the program about which the office made an observation."

Editor Pekka Hyvarinen, who made the Sunday report, asked Koivisto why television's apologies and offers to make corrections were not enough for him. "I understand that it states in the regulations for program operation that if an error is noticed, then it is corrected," said Koivisto. "They still have not corrected it in the media."

Koivisto stated he believes that he is being laughed at and that he is said to become caught up in trivial matters. "From the editors' standpoint, these questions are trivial matters," he said. "Such as whether I have taken a stand on whether in principle the president's terms in office could be limited, or whether I have said that I myself would still be willing to possibly continue. This is not at all a trivial matter from my viewpoint."

#### Question of Presidential Game

Editor Hyvarinen thought that it might be a question of the presidential game. "That is it exactly," exclaimed Koivisto. "When you want to do a program in which it is stated that I have already announced my candidacy for the next term, it means that from that point on I would be a presidential candidate. All matters would then be interpreted accordingly."

In the interview, Koivisto did not consent to predict the final outcome of the squabble which had erupted between him and the YLE or whether some kind of compromise, for example, would be possible. Koivisto said he awaits with interest what position is taken by the YLE's administrative council, which is chosen by the Parliament.

#### "Matter Was Unclear for Long Time"

The YLE did not rectify on its own initiative the erroneous interpretation it gave of President Koivisto's statement. "One possibility would certainly have been to correct the error. I thought, however, that it was not worthwhile to do it, because a week had already elapsed since the telecast and the president's office had not asked for an opportunity to make the correction," says Arne Wessberg, manager of TV 1.

The misinterpretation of Koivisto's speech was presented on television for the first time in November. There was no reaction to it then but rather to the new erroneous interpretation which occurred on 9 February.

The office of the president of the republic requested and received for its viewing the film containing the newscast. No response to it came in the return mail.

"It took a long time before it became clear what the difference was between our concept and the office's and that we had made an error," says Wessberg. "We found out only a week later that the news item presented in the newscast contained a misinterpretation of Koivisto's speech. In my opinion, this was such a long time that there was no reason to make a correction, especially since there was no broader discussion of it."

The YLE offered an opportunity to correct the error. However, the office of the president of the republic did not request it. On the other hand, it did ask the YLE administrative council to agree that the president's statements may not be used in news reports without special permission.

The viewpoints presented by President Koivisto in the TV interview did not bring much of anything new to the matter, according to Wessberg. "They did not differ from the concepts which were introduced in the letter sent by the office of the president of the republic.

"The making of decisions is now plainly with the administrative council. Others--those who are not civil servants--must now define the company's stand on this matter. It is best for me, as a civil servant, to say as little as possible at this stage."

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POLITICAL

FINLAND

PETER LODENIUS NAMED NEW EDITOR OF CP SWEDISH-LANGUAGE ORGAN

Helsinki HUFVUDSTADSBLADET in Swedish 9 Feb 85 p 11

[Text] When Johan von Bonsdorff leaves NY TID in the spring, Peter Lodenius will almost certainly take over as editor in chief. There was no conflict behind the change in editors, von Bonsdorff assured us.

"I have been at NY TID for around 7 years. That is enough. Now I want to do something else. I need to recharge myself as a writer."

Johan von Bonsdorff worked for the New Press until 1968 when he was fired. He was out of work for a year and helped start up the periodical TRICONT, which dealt with Third World problems and was a direct result of the student revolt.

In 1969 von Bonsdorff worked on the editorial staff of the radio news program and he later became editor in chief there. In 1976 he moved to FFC [Central Federation of Labor Unions] and just 2 years after that he started work at NY TID.

"One should not get stuck in any job. I want to renew myself and try something new."

Johan von Bonsdorff has no new job in sight. The new post as Swedish news chief at the Finnish Broadcasting Corporation interests him.

"But I might also like to work for several places on a freelance basis. I have published five factual books since the 1960's. All in Finnish.

"It is time for me to write in my native language. And something else besides strictly factual literature. Translation has always been my hobby. The idea of starting to translate things on a regular basis is very attractive."

6578

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POLITICAL

GREECE

# SECRET TRAINING MISSION FOR SYKEA EMPLOYEES

Athens I VRADYNI in Greek 19 Feb 85 p 7

[Article by P. Kasimatis: "SYKEA Employees to Moscow for Training"]

[Text] Twenty employees of the SYKEA (Military Service for the Construction of Reconstruction Projects) secretly left yesterday for the Soviet Union where they will receive training in the use of heavy equipment purchased by the government from that country. This hasty and secret departure occurred after it was revealed in the Greek and international press that Soviet advisors-teachers are working in military units to train their personnel.

This unprecedented event has caused concern in NATO circles: this is the first time that Soviet advisors are being used for training purposes in a country that is a member of the Atlantic Alliance. Furthermore, NATO observers do not exclude the possibility that the Soviet advisors may be members of the notorious GRU, the Soviet Union's military intelligence service.

As this newspaper disclosed a week ago, the West German intelligence services had threatened to cut off the transmittal of documents, plans or secret information as long as Soviet advisors remained among the Greek armed forces.

We were thus forced to send the 20 SYKEA employees to Moscow, another unprecedented event in a NATO member country.

The 20 employees secretly departed yesterday from the Eastern airport. They maintained absolute silence on their mission and only declared that they are not allowed to speak.

It became known that the employees sent to the Soviet Union came from different parts of Greece; according to some reports, they will receive guidance from their service during the course of the training program.

They left yesterday at 1330 hours on an AEROFLOT flight and used a collective passport. They will be staying at the Moscow Beograd Hotel. Their visit will be of 2 weeks' duration.

Curiously, the Soviets had proposed from the beginning that either Greeks be sent to Moscow, or Russians be sent to Greece, and Deputy Minister of National Defense Pavsanias Zakolikos, who handled the whole affair, chose the latter!

POLITICAL

SPAIN

PSOE'S SECRETARY REVEALS TENSIONS BETWEEN PARTY, GOVERNMENT

Madrid EL PAIS in Spanish 10 Feb 85 p 22

[Interview with Jose Maria Benegas, the organizational secretary of the Spanish Socialist Workers Party (PSOE), by Fernando Jauregui; date and place not specified]

[Text] Madrid--When anyone asks him whether he is really the PSOE's number three man now that he is its organizational secretary, he denies it: "I am simply the organizational secretary on an Executive Committee with colleagues who are as deserving as I am to run this party." Is he Felipe Gonzalez's protege? "I am no one's protege. I have long been loyal to the party's secretary general, and that is it." Nor does he feel that he has been given his current post so that he will "burn out," but "this does not mean that I do not run the risk of burning out, as in any political activity." The 36-year old Jose Maria "Txiki" Benegas, who has been one of his party's leaders for more than 10 years, feels that his new post in the PSOE's Federal Executive Committee is compatible with his position as secretary general of the Basque Socialist Party, in which capacity he has headed up the negotiations for a legislative pact with the PNV [Basque Nationalist Party]. "I have felt and I still feel that I am an ETA [Basque Fatherland and Liberty] target," he admits, though he replies evasively to questions about whether he is in greater danger now that he holds a nationally prominent position.

Question: You are a "first among equals" on an Executive Committee that seeks to become a sort of second cabinet. In other words, the Council of Ministers proper will take care of technical problems, while the PSOE's Executive Committee will concern itself increasingly with political programs or plans.

Answer: I wouldn't call it a second cabinet, because their functions are very different, in the sense that the Council of Ministers is responsible for governing Spain, and the PSOE's Executive Committee is in charge of running the party. I realize that the party cannot remain immersed in the administration's activities. The administration is pursuing a program that is feasible at this point in time, under today's conditions in Spain. But the party must carry its political function beyond the activities of the administration, which are subject to a series of conditioning factors, among them the need to be a government of the entire country, not just a single party, which is never easy. In this regard, the party must have autonomy when it comes to discharging its political function.

#### The French Example

Question: Does this mean that the party can disagree with the administration?

Answer: The party can disagree with the administration, but the disagreement must never be public, only behind closed doors. If differences exist, they can be expressed through the organization's internal channels. It is a mistake for a party to make its disagreements public, thus misinterpreting its fundamental mission, which is to back up and defend the administration. This does not mean that within the party's governing bodies members cannot voice their agreement or disagreement with certain administration decisions or ask for an explanation of something.

Question: Can there be disagreement with an administration's actions when the party's secretary general is the prime minister and the assistant secretary general is the deputy prime minister? Wouldn't it be better to have a system like France's, in which the chief executive and the head of the party are different persons?

Answer: I think that that is a mistake. A political organization in which the government is one thing and the party leadership something different, without any link between the two in the party's governing bodies, is a mistake that our counterparts in France have paid dearly for and that the PNV is paying dearly for right now. Here, the secretary general, who is the prime minister, and the assistant secretary general, who is the deputy prime minister, listen to the criticisms that are voiced and the questions that are raised within the party leadership. They listen to what the Executive Committee thinks about a given problem and are told by the committee what a given segment of society thinks about certain administration decisions or about a given issue. So there is communication there, and the Executive Branch in turn explains what difficulties it is faced with. It is never a good idea for the party to impose decisions on the administration. That is absurd. The party should convey its views on given problems to the administration, which ultimately makes its own sovereign decisions.

Question: Doesn't this create the impression that the administration pays a great deal of attention to what the party says, especially the complaints that are heard privately from the UGT [General Union of Workers], for example?

Answer: What I can tell you is that there have been occasions on which, after debate in the Executive Committee, we have taken the party's views into account in making decisions, just as we might take the views of other segments of society into account.

Question: Are you satisfied with developments in the PSOE over these 2 years?

Answer: I am not satisfied. But it is not good to be satisfied in this life. It could hardly have turned out otherwise. Problems are building up for the "callow youngsters who were going to last just 6 months in office," in connection with national planning, the representation we have gained in the autonomous communities, in the city halls... Thus, some 40,000 of our staff, perhaps the best people the party has, are no longer working in the party; they are running the country, which is the top priority task after a party wins an election, because we are not going to be judged by what the party does, but by what its people, the Socialists, do in discharging their government responsibilities in the various spheres of Spanish society. This also involves the risk, of course, that the party might lose its own identity and become subsumed in the government.

#### The Roster

Question: All that is well-known. But now enough time has past to "run through the roster," as the colloquial saying goes. Isn't there going to be a change of course now, so that the party can regain firm hand?

Answer: We are beginning to. We are still at the stage of the regional congresses after the 30th Congress. We are going to try and see to it that most of the members of the Executive Committees in the communities or the regions devote themselves exclusively to the party, but we are not going to establish formal or statutory grounds for ineligibility. This does not mean that it is not a good idea to have links between the top officers on those Executive Committees and the government's institutions.

Question: Haven't the PSOE's men disappointed Spanish society somewhat, as some of them have conducted themselves in a manner hardly in keeping with what was expected from the Socialist change?

Answer: If we are talking about what the administration has done, I think that our problem has been that we failed to explain clearly enough what sort of situation the country was in. Perhaps we erred in estimating how long it would take us to do what intended. Otherwise,

I think that ours is one of the worthiest governments in Spain's history, even though we have made mistakes because we moved from the underground to power in just 7 years. Having said this, I admit that there might be problems we have to correct. There might be instances of corruption, which we have to root out immediately. Or there might be some public servants who have lost sight of what public office basically means. But these are exceptions, and we have to spare no effort to prevent them from spreading.

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POLITICAL

SPAIN

# POLITICAL RIGHT SEEKS NEW LEADERSHIP

Madrid MERCADO in Spanish 25 Jan 85 pp 26-29

[Article by Casimiro Garcia-Abadillo]

[Text] Wednesday, 16 January. Plaza de las Cortes, 4, second floor. There is a flurry of activity at the headquarters of the Liberal Union (the old Liberal Party building). Angel Panero, president of Cepyme; Arturo Gil, one of the key men in the Spanish Confederation of Business Organizations (CEOE), just landed in the world of politics, but the former president of the Independent Business Confederation of Madrid (CEIM) has strong support, although some think that the CEOE will not play the Segurado card, since he lost a battle last year by occupying the presidency of the business organization.

This is the great move of the right, which knows that it cannot win the next elections against the Spanish Socialist Workers Party (PSOE) the way things stand now. It has 2 years to go, and it must move quickly.

Manuel Fraga has been away from Madrid for 2 weeks. His plane arrives late on Wednesday the 16th. He holes up with Jorge Verstryngge all morning at the Popular Alliance (AP) headquarters. A lot has happened in the last few days; and more will happen later.

"I talked to Manuel Fraga," says Segurado, a little nervous, "before deciding to accept the presidency of the Liberals. But he did not push me to make that decision in any way." Is Manuel Fraga the leader of the right for the next elections? "At this time," responds the Liberal chief, "he is the indisputable leader of the foremost opposition party. But I also know Manuel Fraga's capacity for sacrifice, and I know he will accept any alternative that means the triumph of anyone other than the Socialists." With no comment. He goes on: "But I want it to be clear that the important thing is not the leaders but the platform, the ideas that can unite the men and the political groups that consider the defense of freedom an alternative, and are against big-government socialism."

But it is the men who are playing the game. According to a Popular Coalition (CP) source, "the attempts being made in the Popular Alliance and in the Coalition are becoming increasingly open, as they know that Fraga has an important political capital but also that he has limitations as a leader. What they are seeking is someone who can lead a great center-right coalition



to win the elections against the PSOE, and they want Manuel Fraga to remain as president of the Coalition, as the great father of the Spanish right."

This man from the CP, who is very knowledgeable, continues, "Look, today there is no banker who can tell you that with Fraga we can win the elections. Not even in the Spanish Confederation of Business Organizations (CEOE). And that is what counts. Because the parties of the left are supported by the labor unions, and the right must find support in . . . its organizations as well. It is an experience we have to go through."

On the 26th and 27th of this month the 2nd Congress of the People's Democratic Party (PDP) will take place. One of its leaders, businessman Javier Gonzalez, who is a former president of Cepyme, commented to MERCADO: "At our Congress we are going to make an open move to center the Popular Coalition." Center? "Yes, bring the Coalition more toward the center, make it less conservative. And we are going to propose a pact with the Reformist Party, even if some parties have to give up certain aspects of their platforms." And the leader? "I prefer not to say anything about that point."

Don Jose Maria Cuevas, who in a few months has shown who really runs the show among Spanish businessmen, has taken this issue seriously. He wants a great center-right coalition, as he has stated publicly. And he is looking for the man who will lead that coalition to power. He has commissioned a large-scale survey on the profile of the man-who-can-beat-Felipe. For now, nothing is known. But he doesn't think it is Fraga, either.

There is one faction in the PDP (and in the Alliance) that feels that the man in question could be Roca. One of his mentors argues: "Roca would be an ideal leader because he conveys a message of moderation and common sense that Fraga cannot. The problem is that he belongs to the CiU [expansion unknown], and there are many Spanish regions where he would not be accepted as president of the government. But that can also be straightened out with political marketing techniques. You can sell the idea of Catalonia committing itself wholeheartedly to the Spanish Government in this way. You have to figure the numbers. If the votes of the Reformist Party and those of the CiU are added to those of Democratic Convergence (CD), we are assured of a majority. Not an absolute majority, but enough to govern."

Agustin Rodriguez Sahagun has a lot to say about this matter. He was the head of the Pyme business association, served as a minister in the Democratic Center Union (UCD) government, and is now second in command under Suarez in the CDS [Democratic Social Center]. "I think that the Spanish right's main problem is not Manuel Fraga, but the fact that the right as such cannot win the elections. It is a problem of programs, not individuals. And I think Fraga is being treated quite unjustly; in the final analysis, he was the one whose tenacious efforts swelled his party's delegation from 9 to 106 deputies. We will offer our own option in the upcoming elections. And we think that "anti" coalitions get nowhere; many rightists think that being anti-Socialist is enough. That would mean driving Spain once again into two large, irreconcilable blocs. The CDS will run its own candidates in the elections as a centrist party that wants to recover the vast political territory seized by the

PSOE and the CP in the last elections. If we do enter into pacts, it will be done after the results are in."

Then Segurado entered politics. Are you Fraga's replacement? "That seems to me a frivolous comment. I prefer to talk of short-term objectives. Those objectives are no less than the establishment of a firmly-rooted party. We want to make the Liberal alternative a serious alternative."

The businessmen, for the present, do not see him as the man who can defeat Felipe. "He has leadership qualities," comments a CEOE man, "he is decisive, and his political vocation goes back a long way, but at this point we are not going to support any specific political option." Let no one think he is the business sector's champion in the political arena. Don Rafael Termes says about the same thing, but in a skeptical tone: "That has been no surprise; you could see it coming. It is a personal choice, that's all."

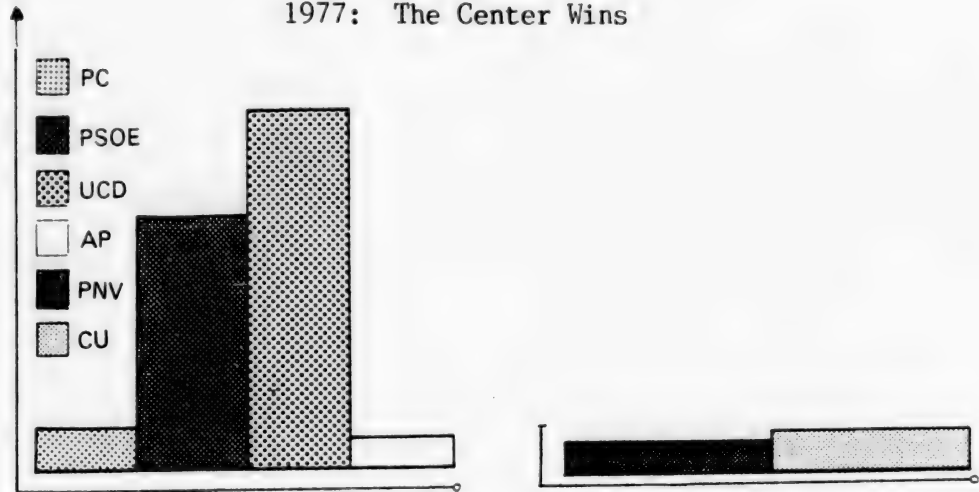
And this is Rodriguez Sahagun's opinion of J. A. Segurado's venture: "I think Segurado is trying to be in politics the way he was in the business movement: close to Manuel Fraga, but with political independence."

The key to the whole affair is held by Jose Maria Cuevas, who will tell the right who is the best man, whom the bankers should finance. "It is very logical," indicates Gonzalez Estefani, "that the business sector wants to know the profile of the man who could garner the most popular support in an election. I am not familiar with the survey they say Jose Maria Cuevas has commissioned. It reportedly has not been done yet. But I think some impartial institution should carry out the study so that the results will not be manipulated in accordance with any party's interests."

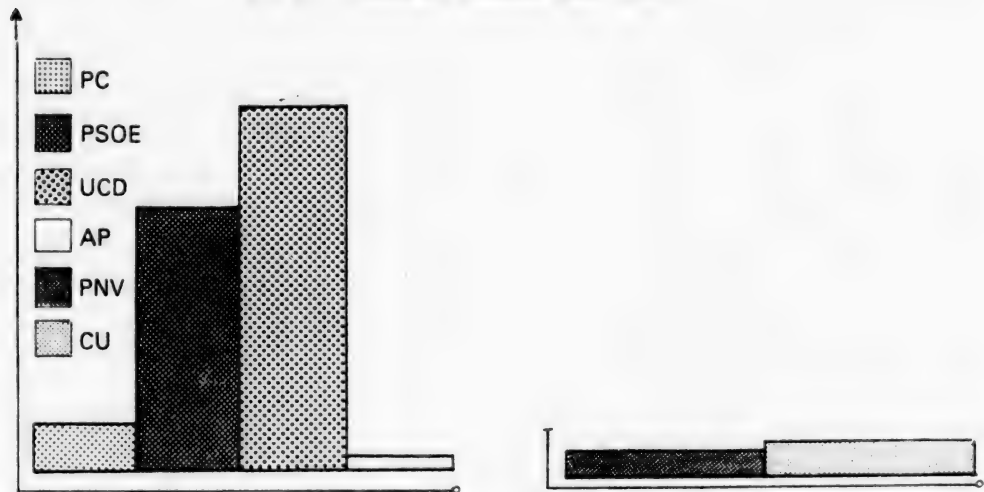
Ferrer Salat is out in the cold. He was invited by Manuel Fraga to get into politics as a subordinate. But Ferrer is a hesitant man; he thinks everything over too much, according to some who know him well. He lacks the decisiveness Segurado is known for. Moreover, Herrero de Minon, Fernando Suarez and others saw him as a "parachutist" who was dropping in again to destroy what they had so painstakingly built. Furthermore, Ferrer does not get along at all with Jordi Pujol and Miguel Roca. They would be very unlikely to join a coalition with Ferrer Salat at the head. Don't even mention it. Although he has not had the last word yet, many see him as a political has-been, even without ever having been a politician.

The picture is complete. The manifesto of the five (Garcia Diez, Gonzalez Seara, Arias Salgado, Roson and Bustelo) and Luis Olarra's showy entrance into AP are the icing on the cake. "Look, Manolo, time is running out in the Galician elections," Fraga is being told in AP.

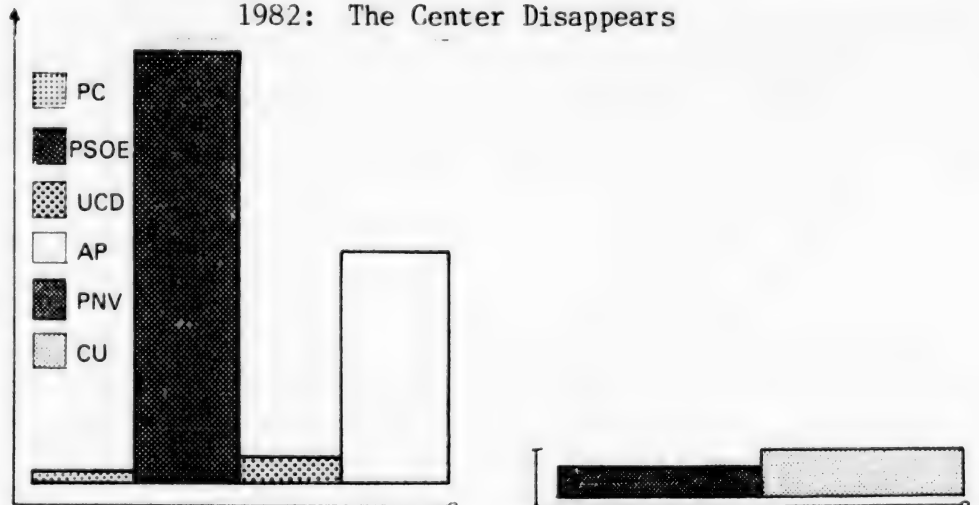
1977: The Center Wins



1979: Suarez Holds His Own



1982: The Center Disappears



The disappearance of the center from the political spectrum in 1982 means that the sociological majority is split between the PSOE and the CP. It is their votes everyone is going after.

POLITICAL

SPAIN

VERSTRYNGE REVEALS OWN ASPIRATIONS AS HE BACKS FRAGA

Madrid TIEMPO in Spanish 21 Jan 85 pp 19-21

[Interview with Jorge Verstrynge, the secretary general of Popular Alliance, by Nativel Perciado; date and place not given]

[Text] Jorge Verstrynge is one of the few staunch supporters that Fraga has left. The 36-year old disciple of Fraga insists that Flick's money is all over the administration. The secretary general's impassioned assertions cause tempers to flare in his party, but like Fraga he refuses to acknowledge his enemies from within.

[Question] Are you going to tell me the truth or can't a politician ever tell the whole truth?

[Answer] What a politician can't do is lie. He can, however, hold back certain pieces of information for use at a more opportune time.

[Question] Is it clear to you that Prime Minister Gonzalez has lied in connection with the Flick affair?

[Answer] I will merely repeat what Mr Ruiz Gallardon said. If we go by what Mr Paefgen, the former manager of the Flick consortium, told the parliamentary commission, then the prime minister did not tell the truth.

[Question] This is a extremely serious accusation inasmuch as there is no compelling evidence.

[Answer] It is not an accusation. It stands to reason that Paefgen would tell the truth, since he had nothing at stake in the matter. In that case, Felipe Gonzalez might not have told the truth, which does not mean that he lied. Perhaps he did not know what the truth was.

[Question] It's just one step from there to dirty politics and pulling out "dossiers."

[Answer] Let me make myself clear. I don't collect "dossiers." It's not my style. I don't think that politics ought to be conducted that way. There is little to criticize my party for in this regard. We don't hang anyone's dirty linen out to dry. Moreover, we haven't even said that receiving foreign funds is illegal.

[Question] There is a law against it. Does your party receive any?

[Answer] It's against the law only during an election campaign. We have also not said that we have never received a penny. I said so one day and the following day I didn't mind at all correcting myself. The Flick money is another matter; it's money with strings attached. If someone has received some money, as it seems, then the prime minister or whoever should say in return for what. I didn't ask the prime minister either to make the famous remark "neither from Flick nor from Flock."

[Question] Let's leave the administration aside now. Aren't you afraid that your stunning political career might come to an end if Fraga experiences a downfall?

[Answer] In the first place, I don't see Fraga suffering a downfall in any way. Politics has been my calling since I was very young. I have always been involved in politics, and if Fraga is no longer with us one day, Verstrynge will not have to go back home. I admit that I owe much to him, but I am beginning to have some assets of my own, albeit just a few. I have been secretary general of Popular Alliance (AP) for 6 years now and I am 36 years old. I have a long career ahead of me.

[Question] You defend Fraga more zealously than the rest of the AP leaders do.

[Answer] Perhaps I'm a bit more emotional when it comes to Fraga. I can't avoid showing the admiration that stems from the relationship that was established long ago between teacher and student, then between the master and the apprentice politician and, lastly, between the president and the secretary general of the party. Now then, I don't think that the others defend him any less. As I see it, the rumors about the conspiracy against Fraga are ridiculous.

[Question] You're very emotional about everything, Mr Verstrynge.

[Answer] Not at all, just about what I want. I'm an extremely cold individual, but I think that it's absurd to question Fraga's leadership. No one challenges his leadership, because it is an indisputable, sociological leadership, and Fraga will be the leader as long as he wants to be.

[Question] Your reply was quite emotional.

[Answer] I admit that my fondness for Fraga has a somewhat emotional side to it. But I am cold in other matters, much more so than people think.

[Question] Why do you arouse so much anger in your party?

[Answer] I don't think that that is the case. It so happens that I am a politician who always tells the truth or, at least, does not lie, and that can be very irritating at times. When the day comes that I can no longer tell the truth, I'll grab my little briefcase and go back to my post as professor in the Political Science Department, because that was my initial and perhaps strongest calling. I admit that other politicians are more cautious than I am.

[Question] It's just that you lash out in defense of Fraga or against the government like a man possessed.

[Answer] That's not true. I have been criticized within Popular Alliance for being too soft on the PSOE.

[Question] Perhaps the criticism stems from your odd relationship with Alfonso Guerra.

[Answer] It's true that Alfonso and I get along well and understand each other. I have seen good will in him, and I assume that he has seen likewise in me. In any event, we talked more before the Flick affair erupted.

[Question] Haven't you spoken since then?

[Answer] Oh yes, we've spoken, but not as often as before. But that was not the reason for the criticism of me in my party; it was my being soft on the administration. The fact is that at the beginning I placed some trust in it. Now unfortunately, we can't expect anything from this administration.

[Question] Unfortunately?

[Answer] Well yes, because it's a shame when a government is such a resounding failure, even if it's not my party's government, because the ones who pay for its failure are not us or the directors general, who have large air-conditioned offices, but the average Spaniards who can't afford to heat their homes, the unemployed...Because Felipe Gonzalez has given us unemployment of three million. The PSOE doesn't have one chance in a thousand of straightening out the economic situation from now until 1986. They don't know how to deal with the situation.

[Question] Do you really think that your people can fix things up?

[Answer] We would have the good sense to take the appropriate economic measures: spurring private investment, guaranteeing good treatment



for investors, providing the necessary tax breaks, tightening the government's belt where it has to be tightened...This is what Reagan has done. He asked for a budget with no increase in government spending, except for defense. They tried and said: it's impossible. Reagan got out his scissors, cut some items out and said: go back and do it again. And that's how taxes are down in the United States.

[Question] Reagan's methods are known to be very drastic, though.

[Answer] But they are feasible. It is possible, as he did, to cut taxes, to shrink the deficit and to create four million jobs in 4 years. And it can be done here too as long as there is a government that inspires confidence, not a government like this one, which is not pursuing socialist policies simply because it can't cause an economic catastrophe in Spain. The only solution is to pursue non-socialist policies in which the government really believes, not as a patchup job.

[Question] I wanted you to speak about Popular Alliance, not just the administration, Mr Verstrynge. Did you say that you do not know who your enemies in the party are?

[Answer] No, I said that I don't have enemies in AP. There might be people who don't think like I do, but that's to be expected.

[Question] Because no one admits the truth in this regard?

[Answer] Because there are no such confrontations in Popular Alliance. Furthermore, there is a big gap between the rumors and the facts. Many people are able to rectify their views before putting their ideas into practice. I'm not a contentious person; I get along with everybody, and I like to please people. My parents are divorced, but I don't suffer from any trauma because of that. That's why I always rely on the truth. And I think that people get to understand each other by talking.

[Question] What do you have to say about the polls that show Roca on the rise and Fraga on the decline?

[Answer] We're flooded with polls in Spain, and not all of them are interpreted correctly. According to my analyses, and if you want I can show them to you, the only thing that we can deduce from the polls is that the situation has been stable for the past 7 months. Only abstention is up.

[Question] So you're a sociologist who doesn't believe in polls?

[Answer] I'm a sociologist and I believe in them, but they have to be conducted and interpreted correctly. In any event, as for this flood of polls about Miguel Roca, I would say that this gentleman, whom I regard as one of the best prepared leaders in the country,

ought to remember that the D'Hont law rewards a concentration of the vote and punishes dispersion.

[Question] Will Roca be the one to blame if Fraga loses again?

[Answer] That's not what I said. What I'm saying is that Felipe Gonzalez can continue running Spain not because he has done a good job but because the alternative to him, which is Fraga and only Fraga, remains one or two deputies behind the Socialists. And the non-Socialist forces that are unable to unite will be to blame.

[Question] That's what everyone says.

[Answer] But we were the first ones to talk about the natural majority, which is nothing more and nothing less than the union of all non-Socialist forces. I know that others are calling for it now, but Fraga has been talking about it since 1977. We are waiting for others to say something about the possibility of working together. Everything is still up in the air. The others should come out and say what they're prepared to do.

[Question] When you say the others, who are you talking about?

[Answer] All the non-Socialist forces. Perhaps they're unaware of the importance of such a union. I am completely convinced that Felipe Gonzalez will lose the 1986 election. It is now up to the opposition to win it. And the opposition has to unite to win the next election.

[Question] The groups that might unite don't seem to accept Fraga as the single leader.

[Answer] I quite frankly don't think that's true. No one wants to unseat Fraga. First, because Popular Alliance wouldn't permit it, and second because the Spanish people said at the last election that Fraga is the leader of the opposition, which is why he got 5½ million votes, more than Felipe Gonzalez got when he was in the opposition. This is an indisputable fact.

[Question] Fine, but the claim is that Fraga can't do any better, that he has reached his ceiling.

[Answer] That's metaphysics, not electoral sociology. That has always been said about Fraga, and nonetheless he's gone on winning elections that everyone thought were lost. There is no such ceiling. The only thing that I can say about Fraga in this regard is that he has a quite firm floor under him. At worst, 1.5 million people will vote for Fraga, and under normal circumstances, 4 to 5 million.

[Question] Aren't you too impatient to throw the Socialists out of the Moncloa?

[Answer] I'm going to be frank with you. It's not just that we are in a hurry to take office. A politician always believes that his solution is better than the other guy's, and what he wants to do is try it out, for the good of the country and for his own benefit. And solutions can be tried out only when you're in office. In this case, our impatience is heightened because after 2 years of a socialist government the problems have become acute, and they don't have the slightest idea of how to resolve them. This is why we're in a hurry, because there is an urgent need for someone who can straighten out the situation.

[Question] You have overwhelming self-confidence.

[Answer] Philosophically, I'm a logical positivist, that is to say, from the Vienna Circle. Therefore, in the social sciences and in politics I resort to reason and numbers. I repeat: Felipe Gonzalez is going to lose the next election; what we have to do is win it.

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POLITICAL

SPAIN

AULESTIA ON BASQUE LEFT ROLE IN POLITICS, ETA

Madrid EL PAIS in Spanish 12 Feb 85 p 16

[Interview with the secretary general of the Basque Left (EE), Kepa Aulestia, by Tonia Etxarri; date and place not specified]

[Text] Bilbao--Kepa Aulestia admits that the membership of the Basque Left has not increased in the past 2 years, but this does not worry him as a "staff chief." Aulestia has a message to convey that is not in keeping with his post: "I think it's fine that people are striking out at the parties by not joining them; deep down I think that people who at this point bother to join a party are quite strange."

Question: At its recent second congress Basque Left conveyed an image of consolidated strength that reflects its development over the past 2 years since the Basque Revolutionary Party (EIA) merged with the largest faction of the PCE [Basque Communist Party]. When you spoke at the congress of the start of a new stage, to what were you referring?

Answer: Perhaps it is excessively optimistic or pretentious, but I think that the outlook is for normalization and that we will have to translate our call for peace and rationality into terms that everyday politics can grasp more easily. The prevailing idea in our message is that our members must realize that they belong to a party not because of normalcy but to achieve normalcy. Therefore, we have to adapt this call to the basic problems of Western society in general, problems that stem not only from the economic crisis but that have to do with less material aspects as well, the cultural crisis, for example.

Question: You spoke at the congress of the need to overcome certain problems that have been plaguing EE, but you cited only organizational problems. In your opinion, are there any other political or ideological millstones that Basque Left ought to get rid of?

Answer: The new stage that I foresee will demand greater rigor in dealing with problems, will require a total avoidance of frivolity, of any demagogic attempt to resolve issues by words alone. I think that I was talking about the need to get rid of attitudinal rather than ideological millstones. I am more concerned about how people think than what they think. I feel that differences of opinion are legitimate, necessary and even, I would say, indispensable for the dynamics of a party. In mentioning the need to slough off millstones, I was telling people that major political messages are going to be replaced by the need to tackle very specific issues that cannot be resolved with demagoguery.

Question: Has the operation to bring former members of ETA [Basque Fatherland and Liberty] back into society helped to bring the members of Basque Left together? Have the party's members identified with this operation, or have the negotiations mainly had an outside impact?

Answer: I think that the operation has raised hopes. As human beings, we depend on accomplishments, and a party activist obviously can't wait indefinitely for the final victory. Our members have seen the fruits of an effort and have seen that the words peace and struggle for peace have become something concrete. This has been an important morale boost for members who have had to deal with the unpleasant polarization and confrontation between Herri Batasuna, the PSOE [Spanish Socialist Workers Party] and the PNV [Basque Nationalist Party] mainly. But it has also been an infusion of realism, a pure learning experience. The operation has taught us what it takes (practically 2 and 1/2 years) to resolve the personal problems of 250 members who have decided to abandon the armed struggle.

Question: Do you still believe that Basque Left should be the hub of the new Left that has not yet taken shape in the Basque Country?

Answer: The business of its being a "hub" is pretentious. I think that any leftwing alternative to what is today rightwing predominance in the Basque Country has to include what Basque Left represents socially and politically.

Question: Does Basque Left still hold to a position equidistant from Herri Batasuna and the Basque Socialist Party?

Answer: We have to distinguish two facets of Basque Left: as a social reality and as a political program. Socially, we come for the most part from the same sectors as Herri Batasuna. Nevertheless, our political approach is substantially different from Herri Batasuna's. There is the difference between the view of democracy as an end in itself and as a snare for silly reformists. There, obviously, we are not in agreement with Herri Batasuna. The gap between us and the PSOE in terms of social origin is wider than between us and Herri Batasuna. With regard to a political program, there is a decisive difference.

The PSOE is not trying to put together a leftwing alternative based on strengthening Basque civilian society itself vis-a-vis the current rightwing predominance. It is pursuing a policy that is an end in itself and that is based mainly on its current positions in the Madrid government.

#### Change of Attitude

Question: You have gone so far as to say that the legislative pact between the PNV and the Socialists holds out the hope of normalizing the Basque Country. Nevertheless, Basque Left's parliamentary bloc was highly critical during the election of the new "lendakari."

Answer: Well, one does not rule out the other. We are opposed to the agreement. Not only because just two governments signed it, but also by virtue of its content, not so much what the text says as what it does not say. But the interesting development is the new dynamics in the Basque Country from now on, inasmuch as the PSOE and the PNV are changing their attitudes towards each other, towards their relations. We do not agree with a pact that strengthens the positions of the "fuero" [privilege or exemption] system, but it does represent, among other things, a shift in the Socialists' policy on the structure of the Basque autonomous community. I think that this pact could spur a move towards dialogue.

Question: What would a Basque Left pact look like?

Answer: A pact signed by all political forces, including Herri Batasuna. Above all, however, we believe not so much in the signing of a pact as in an approach that addresses the problem of violence, because I don't think that the ETA problem can be resolved responsibly just by ruling out, on a piece of paper, negotiations with its armed faction. It is all well and good to put the ball back in ETA's court, but it is not enough. The issue of violence cannot be addressed responsibly unless we raise a series of issues relating to the antiterrorist law, torture, the deployment of the autonomous police force and the replacement of the central government's law enforcement agencies. As far as ETA's future is concerned, I think that we might not see another such moment as now for possible negotiations. Furthermore, ETA has to negotiate at some point, and the later it does, the harder it will be to reincorporate it into society and, above all, the harder it will be to support such a negotiation.

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POLITICAL

SPAIN

## BRIEFS

FRAGA MANEUVERS ON REFERENDUM--While the Official word from the Moncloa is still that the referendum on NATO will be held, some of Felipe Gonzalez's colleagues and officials of the Socialist Party have been unable to conceal their nervousness over Manuel Fraga's announcement that he might postpone the Galican elections, which would make it legally impossible to call the referendum for February 1986. If this were to happen, the government would have two options: either call the general elections on time and before the referendum or move them forward 5 months to coincide with the autonomy election in Andalusia, in which case the party could point to membership in the European Common Market as its biggest accomplishment. Although the legal excuse could be offered to the electorate, the experts fear that many Spaniards would react negatively if they had to vote again before the referendum. [Text] [Madrid ACTUALIDAD ECONOMICA in Spanish 31 Jan 85 p 39] 8743

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## CONSERVATIVES, SDP INCREASINGLY DOMINATE IN ELECTION RACE

## Conservatives Grab Tax-Cut Issue

Stockholm SVENSKA DAGBLADET in Swedish 26 Jan 85 p 2

[Editorial: "Get Ready, Get Set,...."]

[Text] Yesterday the three nonsocialist parties presented their proposals concerning the direction the economic policy should take. It is mainly on the basis of those documents that the three parties will have to build their economic credibility during the coming election campaign.

But do the voters have any reason to trust the ability of a new nonsocialist government to pursue a different and more energetic policy than that of its predecessors?

Is the economic policy that a nonsocialist government would pursue vigorous enough to keep Sweden from winding up in another cost crisis? And would that government be capable of attacking the basic structural problems with enough vigor to ensure that our country's economy will be straightened out permanently?

Naturally, all three parties have a big advantage from the very start in that, unlike the government with its estimates and budget, they are saying what they want to accomplish during their term of office.

The government is living on what it considers its laurels and saying scarcely anything about what it intends to do in the future. The nonsocialists are forced into an entirely different kind of clear talk about their plans so that they will be credible not only as an alternative for government but also as a perfectly good one.

The common starting point for all three is that the structural problems must be tackled. Agreement on that point is surprisingly strong. Their views on the public sector, taxes, the labor market, and working conditions in business and industry are similar to each other in principle.

It is no longer the case that the only thing the three parties have in common is that they are nonsocialist. As this year's election approaches, they also

represent a positive alternative, in a different way than before, from the standpoint of a market economy.

All the same, there are differences that may become troublesome. It is still the case that the Conservatives are by far the most ambitious when it comes to both taxes and spending. One reason for this is that they have greater resources for research. Another reason, of course, is that they are favored by a political tailwind as they work out their alternatives to Social Democratic policies.

In comparison with the government's proposed budget, the Center, Liberal, and Conservative Parties all improve the balance by the same amount--they all come up with a budget deficit about 10 billion kronor lower than the government's. Although there are still blank spaces in the Center Party's retrenchments and its proposals are not spelled out as specifically as those by the Conservatives, the Center Party has promised to contribute to reductions in, for example, the AMS [National Labor Market Board].

The three parties have also gotten together on a joint proposal concerning health insurance.

Tax policy will unquestionably be a crucial issue for any nonsocialist government that is elected. All three agree on starting to reduce marginal taxes immediately. The Conservatives want to get off to a "running start" and are proposing a reduction that would cost a total of 4.7 billion kronor in the first year.

The Center Party wants to put the tax arrangement immediately back to where it was before the Social Democrats formed the government. That would cost 2.5 billion kronor. The Center Party is also announcing a degree of willingness to go further.

The Liberal Party's proposal is spread over 3 years. It would be surprising if a few Liberal Party members were not disappointed by this hint of passiveness on the part of the Liberal Party. One undeniably gets the impression that the party was not really able to come up the savings needed to make a more ambitious tax policy credible.

Bengt Westerberg has said that the Conservative proposals for tax reductions would not be realistic. From the financial standpoint, his statement does not really hold up. The Conservative budget proposal is even somewhat stronger than those of the Center and Liberal Parties, and the savings have been worked out in more detail.

Whether the Conservative proposal is politically realistic is another question. That will be decided primarily by the voters. In addition, of course, its political realism will depend to a large extent on the conduct of Bengt Westerberg's own party, among other things.

All the same, one major impression of the three bills is that all three parties made an effort to find common denominators.

When they were in the government, that effort not infrequently affected their ability to get things done. But the danger of a repetition appears to be limited. The parties are retaining their individuality without trying to pick quarrels with each other.

Nor do the Conservatives seem to have yielded to the temptation to compromise away, in the name of unity, that which is far more important to nonsocialist credibility than a polished understanding--namely, confidence in the ability of a nonsocialist government to make the many difficult decisions that are needed to put Sweden back on the right course.

#### SDP Questions Nonsocialists' Unity

Stockholm SVENSKA DAGBLADET in Swedish 29 Jan 85 p 2

[Commentary by Ola Gunnesson: "Confronting the Debate on Lack of Unity"]

[Text] The mood in the Social Democratic Party [SDP] was gloomy last fall. A lot of things did not seem to be going well. But now the report is that the climate has changed for the better. And that change is reflected in the face of every Social Democrat one meets.

The budget and the response to it had a cheering effect, say the Social Democrats. Credit for the fact that a number of curves are pointing upward goes entirely to the government, not to Reagan or anyone else.

Another cause for Social Democratic rejoicing is said to be the debate on the so-called government question, which was initiated by Conservative Party leader Ulf Adelsohn.

The subject is certainly among those dearest to Social Democratic hearts: what would a nonsocialist government look like and how could it function?

If we are to believe Sweden's SDP, our country quite simply cannot function unless the Social Democrats are in the government. A nonsocialist government is and will remain an impossible idea.

The consequence of that reasoning is that the Social Democrats must stay in the Chancery regardless of the outcome of parliamentary elections.

If an election results in a socialist majority, the Social Democrats will govern alone, with compulsory support from the Left Party-Communists [VPK]. As a reward for their help, the Communists will be left undisturbed to harp on their favorite theses in their "sheltered workshop." There must be no criticism of the VPK.

If there is a nonsocialist majority, at least one of the middle parties will have to recognize its responsibility to the nation and unhesitatingly make itself available as a supporting party for the Social Democrats, otherwise Sweden cannot be governed.

That is the ultimate conclusion to be drawn from the SDP's way of reasoning and the result of the autocratic attitude that has left its mark on the party after many years of enjoying a virtual monopoly on power.

Obviously, the Social Democrats do not carry their thinking that far. The talk about the "bourgeoisie's" hopelessly divided state is purely and simply a matter of party tactics and nothing else. The Social Democrats carry with them an eternal dream--the one about the divided state of the nonsocialists--and always consider that it is an important strategic goal to contribute to that nonsocialist lack of unity. Divide and conquer.

By no means do the Social Democrats lack ammunition in this debate over lack of unity. Many nonsocialist voters had looked forward for decades to what finally happened in September 1976. Their hopes were as high as their disappointment was deep after 6 years of nonsocialist government had come to an end.

Especially among floating voters, there is doubt concerning the ability of the three nonsocialist parties to cooperate with each other and put together an effective government.

Adding to the dilemma of those parties is also the obvious fact that three different parties must go to the voters with three partially different platforms. Otherwise, why are there three different parties?

The parties have to campaign on their own issues. Anything else is inconceivable. But before election day, they must also do their best to persuade the voters that they can cooperate and that they can form a government. If there is uncertainty concerning the ambition of the nonsocialists to form the strongest possible government after the election, an election campaign can become intolerable for all three.

The press conference held by the leaders of the three parties on the subject of abolishing the wage earner funds was not a good display. Most people agree on that. On the other hand, the joint appearance by the party leaders on an extended "Day's Echo" program last Friday was extraordinarily positive--it was a manifestation of an entirely different kind. The party leaders talked to each other openly and candidly, and the tone was friendly and occasionally almost cordial.

There are substantial disagreements among the nonsocialist parties on basic issues: tax policy, family policy, agricultural policy, and so on. To a large extent, those disagreements are conditioned by the fact that the Center Party has given up its ambition to become a big party in the population centers and is now adapting its image to its traditional voters. There is nothing to be said about that--as we said above, each party is entitled to go to the voters on its own issues.

But just because of that, it would be folly to mumble on the government question. Joint government is always based to some extent on compromises, and the voters should be brought to realize that the nonsocialist parties not only agree on that point but also recognize that the election outcome must influence the nature of the policy that a new government will pursue.

The Social Democrats will continue to harp on the government question. But the nonsocialists can render the debate over their lack of unity pointless by the way they themselves behave.

The appearance on the "Day's Echo" program was a good demonstration of the basic agreement that exists within the nonsocialist groups.

More demonstrations of the same kind may be needed.

#### Conservatives Challenged by Frugal Budget

Stockholm DAGENS NYHETER in Swedish 3 Feb 85 p 6

[Commentary by Sven Svensson: "Successful Budget Gives SDP a Political Running Start"]

[Text] The new year got off to a running start politically. The SDP has suddenly started to get its head above water again.

A degree of nervousness has suddenly starting spreading in the Conservative Party's leadership following tactical mistakes.

The Social Democrats have gotten renewed courage following their poor showing in the public opinion polls conducted before yearend, while the Conservatives have turned jittery and started explaining themselves. That change in the political picture has occurred on the eve of next Wednesday's general political debate in Parliament.

In that debate, the parties in Parliament will start testing in earnest the strength of their election arguments.

For the Social Democratic government, this past fall was exceptionally trying. Absolutely nothing was going as expected, and the voter barometers were pointing toward the bottom.

The budget on 10 January was a lifegiving injection. Optimism was further strengthened by nonsocialist fumbling of the government question. Conservative Party leader Ulf Adelsohn was altogether too eager to point to himself as the obvious nonsocialist candidate for prime minister.

#### Credibility

The downward trend in public opinion figures for the Social Democrats has very probably been broken, at least for the time being. It would be a natural development, since Kjell-Olof Feldt's budget--despite being called such things as a swaggering waltz, a manipulation of figures, and idealization--has gained a degree of credibility.



One explanation for this is that big industry has bowed with reverence before Kjell-Olof Feldt, another is that Liberal Party leader Bengt Westerberg was both mild and subdued in his criticism, and still another is that several non-socialist newspapers have not made an assault on the government's economic policy even though we are in an election year.

But all the same, the budget figures are naturally built pretty much on sand. Election day is still a long way off, and international developments may play several tricks on the Social Democrats.

The chief remaining worry for the government is the wage agreements for 1985. Much of the government's economic policy will depend entirely on whether wage costs can be limited to increases of 5 percent in 1985.

#### Wages

When the central and local wage agreements are finally complete, it may turn out that the forecast of 3-percent inflation by the end of 1985 was more like a pious hope than anything else.

And in its quiet time, the government is naturally praying that the economic boom will continue, at least until after election day on 15 September.

High employment may turn out to be a main requirement if the government is to ensure both its credibility and its reelection.

Hindsight reveals that Ulf Adelsohn's "running start" on the government question was a fatal tactical mistake. His attempt to establish himself as the undisputed nonsocialist candidate for prime minister triggered strong reactions not only from Thorbjorn Falldin, Borje Hornlund, and Nils G. Asling, but also from Liberal Party leader Bengt Westerberg, who in this connection is not a pretender to the throne.

#### Aggressive

Adelsohn's aggressive rampage on the government question was the main reason why the nonsocialist three-party press conference on abolishing the wage earner funds was a real flop.

Falldin absolutely refused to subordinate himself to Adelsohn's prime minister-ship to be.

As far as Falldin was concerned, to start talking about a joint nonsocialist government program would have been the same as giving Adelsohn a blank check.

Another Conservative oversight was this:

The Conservatives fought out the last two election campaigns as the opposition to some form of nonsocialist government: in 1979, the Ullsten government was playing havoc, and in 1982, Falldin and Ullsten were governing.

## Sniper

Being in the opposition and sniping at the nonsocialist governments on those two occasions gave the Conservatives a degree of political elbow room that does not exist this time.

It is true that the nonsocialist parties differ in size and strength, but they are all in the opposition now and can participate in the usual way in the eternal struggle for marginal nonsocialist voters.

Psychologically, Ulf Adelsohn overestimated his position. It is possible that a Gosta Bohman, with the rights of age and exercising his usual terrorism on those with differing views, might have been able to establish himself as an obvious nonsocialist candidate for prime minister.

## Enough Weight

In any case, Ulf Adelsohn lacked enough weight and political experience to do it. So it no longer helps much that Olof Palme has selected him as the nonsocialist candidate for prime minister.

In their budget alternatives this time, the nonsocialist parties are addressing themselves more specifically than before to their own special voter groups.

With their promises of big reductions in the marginal tax, the Conservatives are deliberately focusing on people with high incomes in the population centers. The Center Party is concentrating on people in the sparsely populated areas by demanding lower municipal taxes, and the Liberal Party's line is credibility rather than fine promises.

The common denominator is that the national budget needs to be reduced by 10 billion kronor. Government grants to the municipalities are to be cut back by an additional 4 billion kronor--which Feldt says will cause 30,000 people to lose their jobs--state-owned firms are to be sold off for 3 billion kronor, and health and unemployment insurance are to be undermined.

## Reduced Benefits

The Social Democrats are especially happy over the proposals to reduce payments by the National Insurance Office, with the Conservative proposal being the worst. Campaign strategists believe it will be possible to have a repeat of the 1982 election campaign, and that would make it possible to depict the waiting period as a threat to social security.

But it is not certain that things will be that simple this time: for the middle parties, the waiting period issue was a real lesson that they will not forget.

They lost over 1.5 percent of their voters to the Social Democrats, while the Conservatives, who were the instigators, escaped without a scratch.

As a preventive measure, Liberal Party leader Bengt Westerberg has very zealously started accusing the Social Democrats of sailing under false colors.

The nonsocialist parties are honest and talk about their cutbacks before the election, but the Social Democrats come out with their horrid proposals after the election. That is what Westerberg will say in his political preaching.

#### Pensions

And not without some justification. Pensioners, for example, can tell Minister of Social Affairs Andersson what happened in the case of the election promise that pensioners' purchasing power would be protected.

Shifts in strength on the nonsocialist side, combined with Ulf Adelsohn's self-appointment as nonsocialist candidate for prime minister, have led to a more inquisitive examination of the Conservative proposals in Parliament.

The figures given as examples in connection with reduced marginal taxes for those with high incomes, combined with the deterioration in health benefits as provided in the Conservative version, have caused obvious nervousness.

#### Indivisible Whole

The Conservative leadership was forced to arrange a seminar to show that its various proposals constitute an indivisible whole.

It was said that if the marginal tax reduction to 40 percent failed, the deterioration in health insurance would also fail. With that, a large portion of the Conservative Party's credibility collapsed completely. The Conservatives can never expect to win majority support in Parliament for a tax change strongly favoring those with high incomes while simultaneously reducing the living standard for those on lower incomes.

#### Tests of Strength

As a result, it looks as though the tests of strength--one between the Social Democratic government and the opposition and the other among the three nonsocialist parties--will be a more public affair than previously seemed likely.

The political course of events has moved rapidly in January.

#### Most Oppose Wage Earner Funds

Stockholm DAGENS NYHETER in Swedish 28 Jan 85 p 18

[Text] Nearly one-third (30 percent) of the Swedish people feel that the wage earner funds are very good or fairly good, while just over half (55 percent) feel that they are very bad or fairly bad.

This is revealed in an opinion poll conducted by the IMU [Institute for Market Research] for NARINGS-  
LIVETS EKONOMIFAKTA.

Only 6 percent of those polled feel that the funds are very good, while 24 percent say they are fairly good, 30 percent consider them fairly bad, 25 percent feel that they are very bad, and 15 percent say they do not know.

Of the LO [Swedish Federation of Trade Unions] members included in the sample, 44 percent support the funds and 42 percent are opposed to them. The corresponding figures for the TCO [Central Organization of Salaried Employees] are 32 percent for and 59 percent opposed. In SACO [Swedish Confederation of Professional Associations] and the SR [National Federation of Government Employees], 18 percent of the members support them and 78 percent are opposed to them.

The IMU poll, which was conducted in November and December 1984, covered 1,002 persons between the ages of 15 and 74.

#### Center Party Poll Setback

Stockholm DAGENS NYHETER in Swedish 4 Feb 85 p 6

[Article by Ake Ekdahl]

[Text] The Conservatives, the KDS [Christian Democratic Union], and the Social Democrats are gaining, according to the SIFO [Swedish Institute for Public Opinion Polls] poll reported on Sunday. The Conservatives are up to a record-high 31 percent, the KDS is right at the 4-percent threshold, and the Social Democrats are at 40.5 percent. The big loser is the Center Party.

On its own--that is, without the KDS--the Center Party is supported by only 9 percent of the voters. That is its lowest level ever. The Liberal Party is supported by 9.5 percent. The blocs are separated by 8 percent: the nonsocialists together have 53.5 percent, while the Social Democrats and the VPK have 45.5 percent.

New joint appearances by the nonsocialists and clearer information on the government question are both desirable and possible during the spring. Liberal Party leader Bengt Westerberg and the Conservative party secretary, Georg Danell, both say so in their comments on the latest voter barometer.

They also say that "nonsocialist voters want to see that the three parties--Conservative, Center, and Liberal--can govern together, so we should not hum and haw." So there is a touch of criticism concerning the Center Party, which has been hazy on the government question or made statements pointing in different directions. This may be part of the explanation for the Center Party's decline in the January poll.

The Social Democrats are feeling better, and party secretary Bo Toresson confirms reports that the feared Social Democratic election machinery has now started rolling. "We have made headway with our mobilization," he says in a commentary on the shift in mood that occurred in the party last month.

### SIFO's January Poll Results

| <u>Party</u>     | <u>Percentage</u> | <u>Change</u> |
|------------------|-------------------|---------------|
| Conservatives    | 31.0              | +1.0          |
| Liberal Party    | 9.5               | -1.0          |
| Center Party     |                   |               |
| (including KDS)  | 13.0              | -1.5          |
| KDS alone        | 4.0               | +1.5          |
| Social Democrats | 40.5              | +1.0          |
| VPK              | 5.0               | -1.0          |
| All other        | 1.0               | -             |
| No answer        | 7.5               | -0.5          |

What can be said about the above results is that the Conservatives are enjoying continued success among the voters, the Liberal Party is still 3 or 4 percent above its results in the election, and the Center Party is continuing to lose credibility among the voters--a trend that has affected it steadily for many years now. At the same time, it can be noted that following its decision to cooperate [with the Center Party] in the campaign, the KDS strengthened its position from 2.5 to 4 percent. If it does that well in the election, it will enter Parliament under its own steam with at least 14 seats.

#### Recovery

The Social Democrats are now showing signs of recovery following a long slump.

The nonsocialists combined still have a clear lead over the two socialist parties, and an election today would mean a change of government.

The remarkable thing is the large number of uncertain voters. Presumably, they come from the ranks of the SDP and the Center Party.

Georg Danell of the Conservative Party says: "We have a good chance of getting a new nonsocialist government in September. The nonsocialist voters want to see purposeful unity on the nonsocialist side, and we will see during the spring whether it is possible to produce more public manifestations of nonsocialist solidarity. Going so far as to negotiate a preliminary program for government before the election is held would be unfair to the voters. It is they who must decide where the center of gravity in a nonsocialist government will lie."

Liberal Party leader Bengt Westerberg says: "There is room for joint statements on economic policy, the public sector's monopoly, private initiative in the social area, and the real estate tax, provided only that all the nonsocialist parties are willing."

#### "Center Party Vacillating"

On the government question, he reiterates his view that it would be best for them to form a new three-party coalition after the election, but he feels that the Center Party has been vague as to the kind of government it wants. The



Center Party has been vacillating on this issue, he says, and that may explain why the voters are in doubt. The other reason may be the Center Party's agreement with the Social Democrats on the Dagmar health care reform.

The Center Party's secretary, Goran Johansson, says that the Dagmar reform is being depicted in the debate as a system of prohibitions. But the basic question, of course, is who is going to pay for the higher health care standard that is developing in the suburbs of big cities. Are people in Dalecarlia and Varmland supposed to pay the bill for good health care in Stockholm? This is purely a question of fairness, he says.

#### Grain of Salt

Johansson says: "This poll must be seen as a signal to us to work even harder before the election. We must express ourselves more clearly and get more people out doing party work--distributing leaflets and what not."

He points out that various public opinion polls since December have given the Center Party everything from 9 to 15 percent and that the figures should therefore be taken with a grain of salt.

Bo Toresson, Social Democratic party secretary, feels that it is too soon to speculate about an election victory, but he sees parallels with the 1968 election, when there was a tremendous swing in public opinion during the last half of the year and a big election victory. The Social Democrats have recovered their self-esteem, the nonsocialist mistakes in connection with health insurance and union dues were signals to mobilize, and now things will be easy, he feels.

#### Surprising

Lars Werner of the VPK says: "It is surprising that the Center Party has lost so many voters. The danger now exists that the Center Party will be drawn toward the right, and if it is, that may influence such important issues as Sweden's neutrality policy. A nonsocialist government with a strong rightwing may change the content of our alliance-free foreign policy. The Center Party will no longer be a guarantee within the bourgeoisie of the current neutrality policy." He believes that a Social Democratic election victory is the best way to safeguard the current foreign policy.

KDS: Wonderful To Cross the Barrier

Jonkoping (TT)--"It feels completely wonderful."

So says KDS leader Alf Svensson in commenting on the fact that for the first time in a public opinion poll, his party has reached 4 percent. He gives the credit for that success to the agreement with the Center Party.

"Cooperation with the Center Party put us in the limelight. Cooperation has also meant that the talk about votes for the KDS being wasted has disappeared. The 4-percent threshold was previously used as a weapon against us."



## Voters Fleeing Center Party

Stockholm DAGENS NYHETER in Swedish 4 Feb 85 p 2

[Editorial: "Voters Fleeing Center Party"]

[Text] The Conservative Party's success at the expense of the Center Party and the SDP's recovery are the two most obvious changes in the SIFO poll that was published yesterday. At 31 percent, the Conservatives are showing the strongest level of public support to be achieved by that party in modern times. The Center Party--without the KDS--has not, on the other hand, been down to 9 percent in any election since the 1950's.

The debate among the three nonsocialist parties over how a possible three-party coalition would work has obviously benefited the Conservatives. Ulf Adelsohn's talk about the need for a "running start" and for good unity among the coalition parties has appealed to nonsocialist voters who do not want to see a repetition of the stubborn negotiations and subsequent internal disintegration that marked the two previous three-party coalitions. The fact that Adelsohn has been singled out so obviously by the Social Democrats as Olof Palme's chief opponent also gives him a clear advantage over Thorbjorn Falldin.

At the same time, and especially as a result of the conditions laid down by Borje Hornlund for participation in a new government, the Center Party has contributed to the impression that the party does not want any improvement in effectiveness or in the climate of cooperation. It appears that some Center Party voters have expressed their discontent by going over to the KDS, which has thereby made an unexpected jump to the 4-percent threshold. The Center Party leadership has reason to ponder whether electoral cooperation with the KDS was such a brilliant idea and also to reflect on the views expressed by Finnish Prof Krister Stahlberg in yesterday's DAGENS NYHETER "Debate" column, where he discussed the ways in which parties can build an image for themselves within the framework of a functioning coalition government.

In January, following a difficult autumn, the SDP had the double advantage of seeing its budget bill receive a predominantly favorable reception and watching the nonsocialist opposition act in a divided manner. The rise in the SIFO poll from 39.0 to 40.5 percent between December and January may appear modest, but according to Prof Hans Zetterberg, the improvement has continued at a stronger pace during January. By the end of January, the party should have been up to just over 43 percent.

Even though the SDP has narrowed the gap, there is still a sizable nonsocialist lead in the SIFO poll. But seldom has the trend toward a two-party system seemed so clear: the Conservatives are pushing back the Center Party and the Liberal Party's recovery has been checked, while the SDP is progressing, partly at the expense of the VPK.

It is hard to believe that Swedish politics will gain from such a polarization in the long run.

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POLITICAL

SWEDEN

# LIBERALS' NEW PARTY SECRETARY PETER ORN VIEWS CAMPAIGN TASK

## Ten Percent Vote Goal

Stockholm DAGENS NYHETER in Swedish 19 Feb 85 p 8

[Article by Kaa Eneberg: "Breakthrough Expected in 1988"]

[Text] "By naming the Conservatives as their major opponents and main debate partners in the election campaign, the Social Democrats are depriving other parties, including the Liberal Party, of the right to participate in the political debate."

That is what the Liberal Party's new party secretary, Peter Orn, said Monday when he began his new job by extending another debate invitation to Social Democratic Party secretary Bo Toresson.

Young Peter Orn, 31 years old, also started his first working day in Stockholm--he just moved here from Goteborg--with a well-attended press conference at party headquarters on Luntmakargatan in downtown Stockholm at which he presented the party's election strategy.

Its immediate goal is an election result of 10.6 percent of the vote for the Liberal Party on 15 September. Orn said the Liberals did not expect to make their big breakthrough until the 1988 election.

## Painful Lessons

"That is when we can first expect to see results from the restoration of the party that is under way," said Orn who added that the party leadership, headed by Bengt Westerberg, "learned painful lessons" from earlier mistakes.

He did not define the "mistakes" or stigmatize leaders--he did not mention either Per Ahlmark or Ola Ullsten by name--but explained that the Liberal Party is no longer trying to make compromises and "build bridges." The Liberal Party must safeguard its own profile.

The contours of that profile are made up of a free market economy which is viewed as compatible with social responsibility. The profile will be "young"

but at the same time the most important social issue is to defend the right of the elderly to private rooms when they are under medical care.

#### Honest Answers

"We also intend to present a new political style and give the voters honest answers to their questions," said Peter Orn who feels that in the last campaign the Social Democrats "used lies in order to get government power." They are doing the same thing now by not listing the budget cuts that they will be forced to make if they remain in power after 15 September, Orn said.

Peter Orn promised that the Liberals would wage an election campaign with objective arguments, with no personal attacks. His own attack on the Social Democrats had an objective basis and could not be classified as a personal attack, he said.

In April the Liberals will conduct an extra campaign, a kind of general rehearsal before the real election campaign. This will test the new party organization.

#### Voluntary

The party did not just lose voters in the last election but money as well and it will have to abstain from expensive advertising campaigns in this year's campaign.

Instead the party will "concentrate on people," said Orn who also hopes for a lot of voluntary effort. Among other things the party is counting on party members using some of their summer vacations to spread the word about the party.

After the election the party will start an aggressive recruitment campaign to get more active members. It also expects to set up more local divisions around the country.

That is part of Peter Orn's long-term strategy for the big breakthrough in the 1988 election.

#### Paper on Orn, Liberals

Stockholm DAGENS NYHETER in Swedish 19 Feb 85 p 2

[Editorial: "Peter Orn on the Spot"]

[Text] The Liberal Party now has a party secretary again after the post was vacant for 2 years. Peter Orn, with a past as FPU [Liberal Youth] chairman, started off yesterday with a declaration that the Liberal Party wanted to get 10.6 percent of the votes in this fall's election. The goal, which matches

the party's support in the 1979 election, is above the current opinion poll figures but it is not unrealistic.

The Liberal Party is still in a period of reconstruction following the wear and tear of the government coalition years, the catastrophic 1982 election and the protracted party leadership turnover. The election of Bengt Westerberg as party leader was the first step: his task since then has been to consistently emphasize the fact that the Liberal Party is part of the non-socialist camp and that it is opposed to the Social Democratic Party. With that message combined with behavior that inspires confidence, Westerberg was able to prevent the annihilation of the Liberal Party, but he was not able to win a quick victory.

In the 1982 election the Liberals lost to everyone, but they lost most to the Conservatives. So far Westerberg has been unable to win supporters back from that quarter in spite of the fact that the Liberals now stress many of the same issues that are dear to the hearts of Conservatives: reducing marginal taxes, eliminating state monopolies, reducing state intervention in the economy. But it would be impossible to outdo the Conservatives on their own ground.

Instead Peter Orn's political task seems to be to emphasize the idealistic involvement that has been characteristic of the Liberal Party: aid to developing countries, the question of integrity, social policy. In the spring he will head a campaign for the "forgotten Sweden" in which "a room of their own" for old and sick people will be a major issue.

That is one way of showing what separates the Liberals from the Conservatives ideologically without starting a conflict within the nonsocialist bloc. At the same time it concerns a problem that affects many people and worries even more. But something is missing when Peter Orn talks about "a room of one's own" as a symbolic issue.

Something more concrete is needed to keep a good idea from quickly being regarded as an empty slogan. The fact that the decision must be made at the municipal and county levels--not at the national level--should not prevent Westerberg and Orn from giving a definite opinion as to how they think the problem should be handled. Is this mainly a question of remodeling extended-care hospitals or does it call for a change in health care ideology with more people being cared for at home?

A party that stresses its realism and candor cannot avoid answering that question.

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POLITICAL

SWEDEN

## CONSERVATIVES PLEDGE SALE OF STATE FIRMS IF THEY WIN ELECTION

Stockholm DAGENS NYHETER in Swedish 23 Feb 85 p 8

[Article by Ake Ekdahl]

[Text] Some 20 state-owned firms and their subsidiaries could be transferred to the private sector according to a report the Conservatives released on Friday. All three nonsocialist parties are prepared to sell off some of the state-owned business sector if the government changes hands in the fall.

There are three main arguments for making these firms private ones, in the view of Riksdag member Staffan Burenstam Linder, who prepared the report for the Conservative Party.

Private firms are more capable of development and more viable. Thus they improve the national economy.

The sale would give the state financial assets and reduce the need for borrowing. That would reduce interest costs.

If the state owns these firms it could be placed in a situation where it has dual loyalties. State interests could be compromised and competition between private and state-owned firms could be distorted.

It is simplest to make those firms private that today work under commercial conditions in competition with private businesses. A large number of these firms could be put on the stock market or sold in some other way almost immediately.

### Suitable Targets

The Conservatives have a list of the state-owned firms that would be suitable for selling off and that would be placed on the market if the party gets a chance to make the decision.

"From an objective and politically symbolic point of view it is most important to sell off Procordia, Inc. (formerly State Enterprises) along with its subsidiary," the author of the report said.

Within the next 3 years the following firms could also come into private hands:

Assi, Swedish Petroleum, the Investment Bank, NCB [Norrland Cellulose Forest Owners], Zenit Shipping, Swedish Shipyard's subsidiaries, among them Gota Shipyard-Arendal and Calor-Celsius, parts of the state-owned enterprises such as forest and agricultural properties, National Enterprises and Lessebo, the state's share in Cementa and FFV [Swedish National Defense Manufacturing].

The PK Bank, State Consulting, Brygginvest (Pripps), Swedair, the Gota Canal Company, the postal system subsidiaries, the telecommunications system (Teleinvest and the state's share of Ellentell), the state-owned railways, including ASG, GDG and AGEVE [expansions unknown], Transportation Restaurants, Swedcarrier, Gulliver's Travel Bureau and United Tours.

The pharmacy company and Swedish State Language Tours.

#### Many Subsidiaries

Many of these companies have a great many subsidiaries. For example under the transport company ASG there are around 60 other companies inside and outside Sweden.

Altogether about 100,000 employees would be affected. The report does not go into the lot of workers in detail. It just says that the formalities of labor laws must be strictly observed. It also says that workers and the general public should be made aware of the fact that transferring firms to the private sector "usually" creates better employment and development conditions.

English experience shows that union protests create buyer resistance.

The Conservatives point to eight models for transferring firms to private ownership:

Selling stocks on the stock market (as in the case of Procordia).

Selling out to the former owners (NCB).

Turning over some elements to the main owner (Cementa).

Selling stocks to the employees (Gulliver's).

Selling off the company's assets (Zenit--at bargain prices, according to the author of the report).

Selling the firm to another business (Transportation Restaurants).

So-called spin-offs of components of the company (Assi).

Liquidation (Investment Bank, Swedish Petroleum).



There are advantages and disadvantages for each method and these should be considered from one case to another, according to the report. Selling on the stock market is the most complicated method.

Here are some questions that were left unanswered in the report:

Should a conglomerate be sold in its entirety or in pieces? How is an evaluation made? How is the issue price determined? Can stocks be divided after they are offered? Will big investments be given a priority in more permanent proprietary responsibility? How large a share should be offered to the employees?

The situation on the stock market will determine the opportunities for selling out. Today the market should be able to absorb several billion kronor annually, according to the Conservatives. Purchasing desire can be increased by political measures, various steps to stimulate investing savings in stocks and tax breaks for stock owners.

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POLITICAL

SWEDEN

BRIEFS

BUSINESS LEADERS FAVOR CONSERVATIVE--Conservative Party leader Ulf Adelsohn is the party leader that enjoys the most confidence among business leaders in this country. This was shown by a survey of 100 executive directors which was published in the periodical DAGENS INDUSTRI. Some 94 percent of those asked have very great or fairly great confidence in Ulf Adelsohn. Liberal Party leader Bengt Westerberg came in in second place with a 90 percent rating. Only 31 percent had confidence in Center Party leader Thorbjorn Falldin and 16 percent had confidence in Olof Palme. One director answered that he had very great confidence in Lars Werner, head of the Left Party Communists.  
[Text] [Stockholm DAGENS NYHETER in Swedish 23 Feb 85 p 8] 6578

CSO: 3650/181

MILITARY

EUROPEAN AFFAIRS

# CHALUPA REASSERTS ROLE OF AFCENT IN NATO STRATEGIC DEFENSE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 30 Jan 85 p 7

[Article by Jan Reifenberg: "European Defense Should Not Begin at the Atlantic"]

[Text] Brunssum, 29 January--"This remains the crucial area of NATO: for if, in the event of a conflict, NATO's central front were to collapse, the flanks to the north and south could hardly be protected. Here deterrence, sustained by the ideas of forward defense and flexible response, must always remain credible. It is irreplaceable. It permits me to fulfill my mission as commander-in-chief [CINC] of combined forces in Central Europe. This mission, simply stated, is: to preclude war. The adversary must therefore know that he will not succeed in surprising us in any area. The ground and air forces subordinate to me see to this." It was thus that the CINC of the combined forces in Central Europe, General Chalupa, speaking from his headquarters in Brunssum (Netherlands), summarized his mission during a conversation with this newspaper. The medium-sized, white-haired four-star general displays confidence in the morale, combat readiness, and increasingly modern armament of the troops assigned to "AFCENT" from seven alliance partners. Decisive for him, however, is that the public, especially in the FRG, have confidence in the soldiers whose task it is to protect them, and that they stand behind the mission of protecting the NATO central front against any conceivable attack of the Warsaw Pact, and thus preserving peace in Europe with all military means, just as has been the case since the alliance was created, despite many an internal problem. The 57-year-old Sudeten-German Chalupa is not the "warmonger" that he is occasionally portrayed as being by the East Bloc military press. Instead, he can serve as the prototype of a thinking soldier, who to a large extent sees his mission as a function of politics and is constantly grappling with all its aspects. Years of cooperating with the NATO partners and awareness of their national peculiarities and interests prepared him for the coordination task which he must accomplish from Brunssum. When Chalupa speaks of the overriding significance of the central front in the defensive network of the alliance, he does this not out of an overassessment of the importance of the FRG as an Atlantic cornerstone, but from the awareness of a strategist who works with geographic, economic and especially demographic realities.

The modernization of tactical and battlefield nuclear weapons and of medium-range weapons, the constant improvement of tactical air forces in the central sector, the creation of state-of-the-art munitions and of weapons which can also strike the adversary in his marshaling areas, [all these things] are necessary, according to Chalupa, because the West must take into account the fact that the Soviet Union and its partners have for several years been making a sizable thrust from their one-time quantitative superiority to a qualitative parity with NATO. "We should not forget that the figure 108 'Pershing II' missiles on our side represents only a modernization, while the Soviet Union is continuously supplementing its new SS-20 missiles. We are thus responding to a threat that already exists..."

#### A Question of Third Generation Weapons

General Chalupa speaks out in favor of equipping his troops with so-called "third generation" weapons, since this would reinforce the credibility of deterrence, the heart of the prevention of war. The doctrine of follow-on forces attack developed by the Supreme Allied Commander Europe (SACEUR), General Rogers, is unfortunately interpreted in many media as an affirmation of active combat operations beyond the NATO defensive area. "That is completely wrong. This is not a new concept, but rather these words ('FOFA') only describe ideas in existence for a long time. In the event of a conflict, we cannot limit our efforts to repelling the most forward elements of attacking enemy troops, and doing this as far forward as possible, but we must also try to strike the troops to the rear. This was insisted on by Clausewitz already. It is not a question of firing as far as Vladivostok, but rather to distances which begin circa 40 km behind the first front. The credible defense of NATO's central sector thus means repelling the adversary at his first line of attack, of striking the succeeding troops by stages and threatening the security of the marshaling areas farther to the rear." According to Chalupa, this also means dashing, from the outset, the hopes of the troops of contiguous East Bloc states of scoring quick successes in case of an attack against the West.

Two things are of great political and psychological significance, in the opinion of the Central Europe CINC: the United States must remain convinced that they are defending their own national security in this central European sector, and it has to be understood on the other side of the Atlantic that a German can just as little be told not to begin defending his country until the enemy has reached the Rhine as a Dutchman can be told to wait until the enemy has reached the Atlantic. Chalupa has no doubts about the willingness of the United States to defend Europe, as long as this can be perceived in Washington (and by the American population) as vitally protecting their own national security. Percentage figures from defense plans are of less importance to him than the actual, usable potential. Fast and successful reinforcement from America, i.e., troops to utilize the materiel stockpiled in Europe in peacetime and wartime, is of the greatest significance, to be sure. The annual American "Reforger" maneuvers are thus of particular importance, and securing the

sealinks across the Atlantic is of great importance. The same thing is true of cooperation with France, with whose chief of staff Lacaze he is in close contact. "We can assume today that the adversary knows that an attack would not pay. He could be tempted, to be sure, to conduct an air attack, and for that reason modern air defense weapons are necessary particularly in my sector." General Chalupa currently does not as yet perceive any of the difficulties arising in countries having compulsory military service, such as the FRG, as a result of years with declining birthrates; these would not make a difference until the 1990's.

Visible through breaks in the clouds over the small Dutch town is the silhouette of one of the airborne warning and control system (AWACS) subordinate to NATO. Occurrences "on the other side" are followed day and night here and at air force headquarters in Ramstein (COMAAFCE). Planners and strategists are thus given a clear picture. They know what faces them, and they are able to distinguish between propaganda or bluff and facts to be reckoned with. "Naturally I am in favor of negotiations between West and East. I am happy about [the talks at] Geneva. A dialogue must take place. That too helps prevent a conflict from occurring at any time. One cannot give up hope that common sense will prevail," Chalupa concludes.

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MILITARY

DENMARK

# ARMED FORCES CHIEF BACKS MINISTER IN ARMS LEASING PROPOSAL

## Defense Minister Discusses Proposal

Copenhagen BERLINGSKE TIDENDE in Danish 18 Feb 85 p 1

[Article by Ole Dall]

[Text] "Leasing agreements could provide an opportunity for maintaining both quality and quantity," said Defense Minister Hans Engell after a meeting with NATO's supreme commander in Europe.

Defense Minister Hans Engell (Conservative) now wants to look into whether the armed forces can put more emphasis on leasing expensive materiel--such as tanks and airplanes--instead of spending very large sums on buying them.

The reason is the technological developments and big price increases that have made it very costly to buy new weapons systems. Hans Engell said to BERLINGSKE TIDENDE:

"We must recognize that there are limits to the amount of renewal that we can afford. Leasing agreements could make it possible to maintain both quality and quantity in the materiel area. We have already leased Hawk missiles and our standard rifles for the army and the home guard. In addition we are planning to lease submarines. Before we embark on big projects in the future we should look into whether the items could be leased. This could turn out to be increasingly attractive."

Hans Engell just completed a visit to Brussels to meet NATO's supreme commander for European defense, General Bernard Rogers.

"When it comes to acquiring materiel in particular NATO feels we should be able to replace items more frequently than we have in the past," the defense minister said.

The increasing problems several NATO countries are having when it comes to affording new military materiel purchases were discussed in detail at the meeting, but Hans Engell acknowledged that there is no "quick and easy solution to this problem:



"I pointed to the possibility for more cooperation in the materiel sector-- for example several countries could join forces in dealing with certain projects. Another possibility would be to use somewhat older weapons systems in a modernized form for other roles."

#### Lind: Solution for Limited Budgets

Copenhagen BERLINGSKE TIDENDE in Danish 19 Feb 85 p 6

[Article by George Hilton]

[Text] The competition among the NATO countries is making military materiel more expensive and the small countries in the alliance will find it harder in the future to afford renewals. Leasing weapons could be the solution, in the view of General O. K. Lind, who supports Defense Minister Hans Engell's ideas about leasing materiel.

Leasing weapons could be the solution in the future for the small NATO countries to enable them to afford the necessary renewal of their military materiel.

That was the view of defense chief General O. K. Lind, who supported Defense Minister Hans Engell (Conservative) who now wants to look into the possibilities of expanded Danish leasing of expensive military materiel.

Defense chief O. K. Lind said to BERLINGSKE TIDENDE:

"It is a fact that military materiel is becoming more and more expensive. Many NATO countries have their own military industry, which has also led to higher prices, and there is no doubt that the small NATO countries, including Denmark, will find it extremely difficult in the future to provide for a reasonable amount of renewal in their defense budgets.

"In this context it is obvious to consider whether renewal on a leasing basis could solve the problem of maintaining a combination of quality and quantity," the defense chief added. He noted that Denmark already has good experiences with the leasing of Hawk missiles and standard rifles for the army and home guard, among other things, and that Denmark is planning to lease new submarines.

However the defense chief stressed that the idea of a more systematic leasing of military materiel lies "somewhere in the future." He pointed to the air force as an area where leasing could be a possibility:

"In the mid-1990's we will face the need for replacing our Dragen planes. When we think of the strenuous economic--but necessary--efforts to get the F-16 planes, one might well consider leasing as an alternative in connection with the Dragen airplanes."

On the other hand defense chief O. K. Lind felt it was unrealistic to think that Denmark could replace the Centurion tanks, which are now more than 30 years old, through a leasing arrangement.

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MILITARY

DENMARK

#### DEFENSE MINISTER SUBMITS PROCUREMENT WISH LIST TO FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 19 Feb 85 p 7

[Article by Thorkild Dahl]

[Text] The purchase of ammunition and new vehicles is at the top of the defense procurement list and Defense Minister Hans Engell (Conservative) has asked the Folketing Finance Committee for permission to sign contracts worth a total of 922 million kroner in the coming year.

For a number of years the armed forces have been using their wartime reserves of ammunition for exercises, but this situation will now be corrected.

The Defense Ministry wants to purchase ammunition worth 323 million kroner for the army and ammunition worth 15 million kroner for combat planes while 101 million kroner have been earmarked for the purchase of Seasparrow missiles for the navy.

The army is to have new light terrain vehicles, including personnel carriers, and 90 million kroner for this purpose was requested. The army also wants to spend 23 million kroner on engineering materiel and 95 million kroner on anti-tank defenses. Some 67 million kroner will go for signal materiel for the army and defense as a whole will get ABC equipment worth 64 million kroner.

Denmark is cooperating with NATO on the development of a new air-to-ground missile and that will call for 4 million kroner.

Most of the purchases will be made abroad and any industrial compensation will be determined by the Industrial Affairs Ministry before the contracts are signed.

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MILITARY

FEDERAL REPUBLIC OF GERMANY

WOERNER DEFINES NORTH FLANK NAVAL DEFENSE ROLE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Jan 85 p 6

[Text] Bonn, 14 January--The continuing expansion of the Soviet naval and merchant fleet is a cause for concern to the FRG, not only because the number of ships and their quality has increased, but also--and that primarily--because Soviet naval forces have no sea-lanes to protect--as do the navies of NATO--but have only an offensive mission. Their objective is to hinder the NATO countries from committing their own naval forces in wartime, to interdict their sea links, particularly the movement of vital supplies and American reservists to Europe. These are the words that have now been spoken by Minister of Defense Woerner at the 25th Historical-Tactical Congress of the Navy in Flensburg-Muerwik.

The defense minister dwelled particularly on the so-called "out-of-area" problem. This is the term used by security policy experts to describe the fact that the United States especially, as the critical Western naval power, during a major conflict with the Soviet Union might have to commit part of its naval forces needed for the North Atlantic, especially to retain control of the Norwegian Sea, to other waters, above all to the Indian Ocean and the Mediterranean Sea. The missing American naval forces would have to be replaced to the best of their ability by the European alliance partners. In this connection, the defense minister stated that the necessity of protecting vital interests of the alliance also outside the area defined in the NATO agreement was indisputable. Particularly America, France and Great Britain were assuming these responsibilities in the interest of all.

One of the consequences of a military intervention by America outside NATO territory in wartime would be a significant decrease in the capability to control vital sea areas and sea links as well as to support the flanks through maritime operations. However, particularly the defense of the north flank area--in other words, Norway and the Norwegian Sea--and thus the transatlantic sea lanes as well, so Woerner, depended in large measure on the timely operational employment of a sufficiently large number of aircraft carrier combat groups. If these were not available, then the naval and air forces of the six northwestern European navies would have to take up defensive operations at the north flank, with the point of main effort being the geographically favorable narrows between Greenland,

Iceland and Norway. The FRG has no intention of shrinking this compensation task, thus documenting its willingness to share the burden and strive for partnership. In the future too, Woerner promised, the FRG Navy will be so equipped as to permit it to accomplish its mission.

This statement by the defense minister is attentively noted in circles of experts. Whether it will have tangible effects on the equipment of the navy cannot be determined at this time. In this connection, the experts realize that while the FRG Navy still has 15 frigates and destroyers which by virtue of their size and seaworthiness are capable of operating in the North Sea and Norwegian Sea (there used to be 18), only a part of these ships measure up to modern standards with respect to armament and electronic equipment, namely the six frigates of the new "Bremen" class as well as the three destroyers of the "Luetjens" class, which are currently being modernized. However, a modernization of the four destroyers of the "Hamburg" class and the three frigates of the old "Bremen" class, which are still in service, cannot be carried out by the navy for lack of the necessary funding.

12689

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MILITARY

FEDERAL REPUBLIC OF GERMANY

CDU/CSU CAUCUS URGES DEVELOPMENT OF RESERVIST POTENTIAL

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Jan 85 p 5

[Text] Bonn, 25 January. The CDU/CSU caucus in parliament considers the reservist concept of the Bundeswehr inadequate, for which reason it has presented proposals for a new concept during the past few days. This concept is to correct the current deficiencies by means of provisions which are in part completely new, such as the creation of "part-time soldiers." At the heart of the criticism of the situation as it exists today is the finding of the CDU that the Bundeswehr has a reservist pool of 1.6 million conscripts with military service, but that 1.1 million of these are unusable because they have not received the necessary training. This shortcoming, so demands the working group for security policies of the CDU/CSU caucus in a paper released on Thursday and approved by the working group at the beginning of the week, is to be overcome through changes in the training of conscripts. The paper has not yet been approved by the entire CDU/CSU caucus. As explained by CDU representatives Wimmer and Ehrbar on Thursday, they are primarily concerned, besides changes in the training of the troops, with giving reserve service a better image in the eyes of the general public. The representatives spoke of the necessity of creating a "reservist awareness." The SPD took the position relative to the paper that the CDU was apparently trying to smooth over Woerner's false planning for the Bundeswehr of the 1990's.

12689

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ECONOMIC

DENMARK

# TRADE DEFICIT REMAINS ONLY BLEAK SPOT IN 'ECONOMIC MIRACLE'

Copenhagen BERLINGSKE TIDENDE in Danish 14 Feb 85 Sec III p 8

[Article by Anne E. Jensen]

[Text] The striking upturn in production and employment has been called a "small miracle" by foreign observers, but with our continued foreign indebtedness we cannot afford to ease up on economic policy.

Denmark enjoys a unique position in EC just now. The Danish krone is the strongest currency in the European currency cooperation and in the past year the Danish economy has had results that are considerably better than those in other countries.

This is especially true of developments in production and employment, which have grown at a speed unparalleled anywhere else in Europe. Unemployment has declined dramatically while EC as a whole has had steadily rising unemployment.

Against that background, Kjell Andersen, head of OECD's economic statistics division in Paris, said that developments in the Danish economy in the last 2 years represent a small miracle.

However domestic economists agree that it is a qualified miracle

The balance of payments deficit was a hefty 17 billion kroner last year and it will require the continuation of a tight economic policy to reduce the deficit.

## Interest Burden

This is because the interest burden resulting from foreign debts is becoming increasingly heavy. Denmark's total foreign debt is now up to 218 billion kroner, the equivalent of a debt of 43,000 kroner for every single Dane.

Last year the interest on the debt amounted to 23 billion kroner, which was more than the total foreign deficit.

Thus it is the "sings of the past" in the form of big foreign debts that are responsible for the fact that we continue to be in debt to other countries.

"As long as we have the big interest burden it will be extremely difficult to reduce the balance of payments deficit significantly," said Svend Moller Nielsen, chief economist for Handelsbanken.

Just 5 years ago it would have been correct to say that the foreign deficit indicates overconsumption. We bought more goods abroad than we sold there.

But the recurring crisis intervention measures throughout the 1970's and the early 1980's dampened private consumption and investments. This kept imports down while exports made respectable gains. Therefore the trade deficit declined and in 1983 there was even a small surplus.

But in 1984 things went wrong again with the trade deficit. Starting in the fall of 1983 private consumption rose sharply and imports of consumer goods rose along with it. The upturn in the economy led to increased imports of raw materials and the sharp investment growth also put a strain on the balance of payments.

But in the long run the big investments are a prerequisite for the ability of Danish firms to compete on foreign markets and increase their exports.

In 1984 the National Bank warned repeatedly that the trend was unacceptable, especially since consumer imports were allowed to rise as much as 5 billion kroner. That is the exact amount that the trade figures worsened by in 1984.

#### Just Minor Improvements

Some minor adjustments to duties were made in an agreement in the spring, but the government has since refused to intervene against consumption in order to avoid poisoning the contract negotiations.

The discussion over whether to intervene or not is also a question of how quickly the balance of payments will improve.

The government's goal is to reduce the foreign deficit gradually from year to year, so that there is a surplus in 1988.

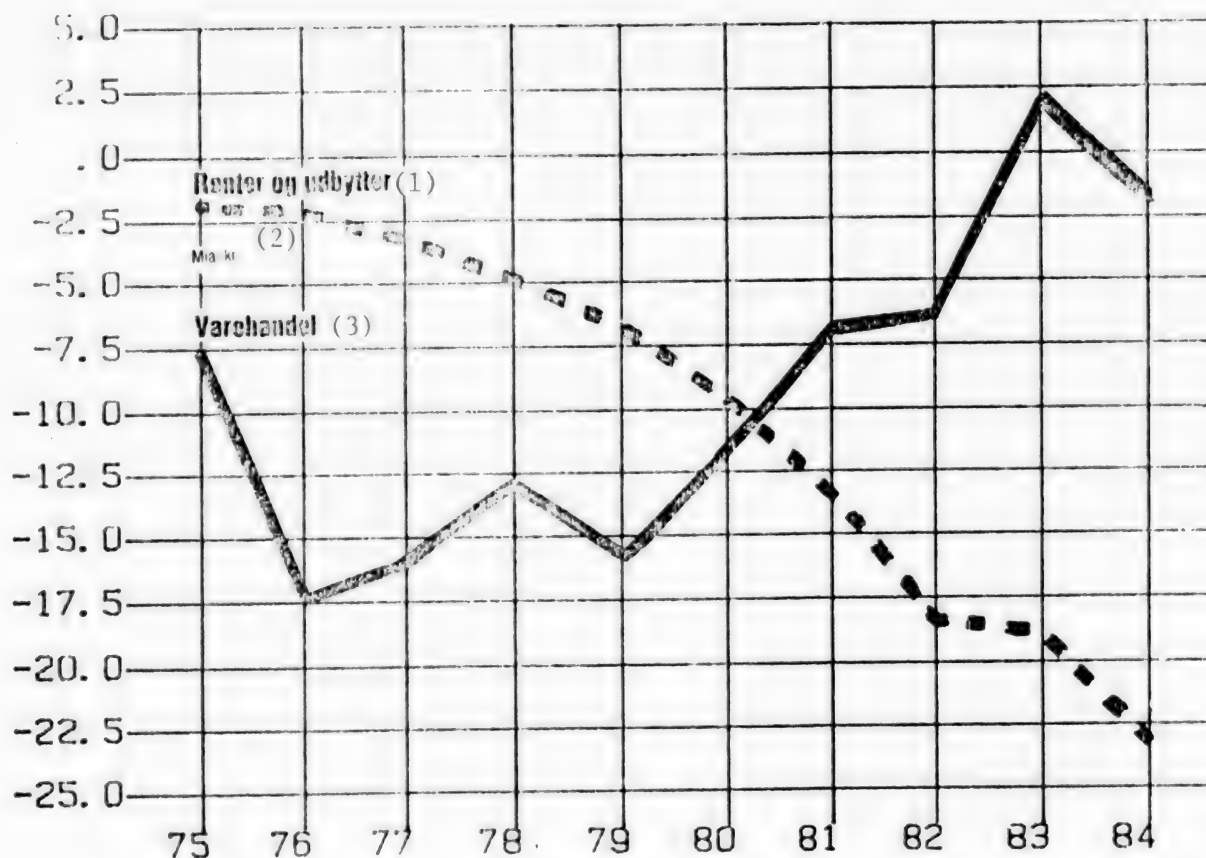
Last year the government eased off on this objective and the prospects for this year are not too bright.

It is true that the trade figures are developing in the right direction, but interest costs continue to grow.

Both government economists and private forecasters anticipate only a modest decline in the balance of payments deficit this year to 14-15 billion kroner.

However that is based on the assumption that the exchange rate of the dollar will remain unchanged or decline a little compared to last year. Then the average rate of the dollar was 1036 and yesterday the dollar was noted at 1175.

A 10 percent increase in the exchange rate of the dollar is estimated to produce a short-term worsening of the balance of payments of as much as several billion kroner, but as the government economic experts have pointed out, this would be offset in the long run by better export opportunities.

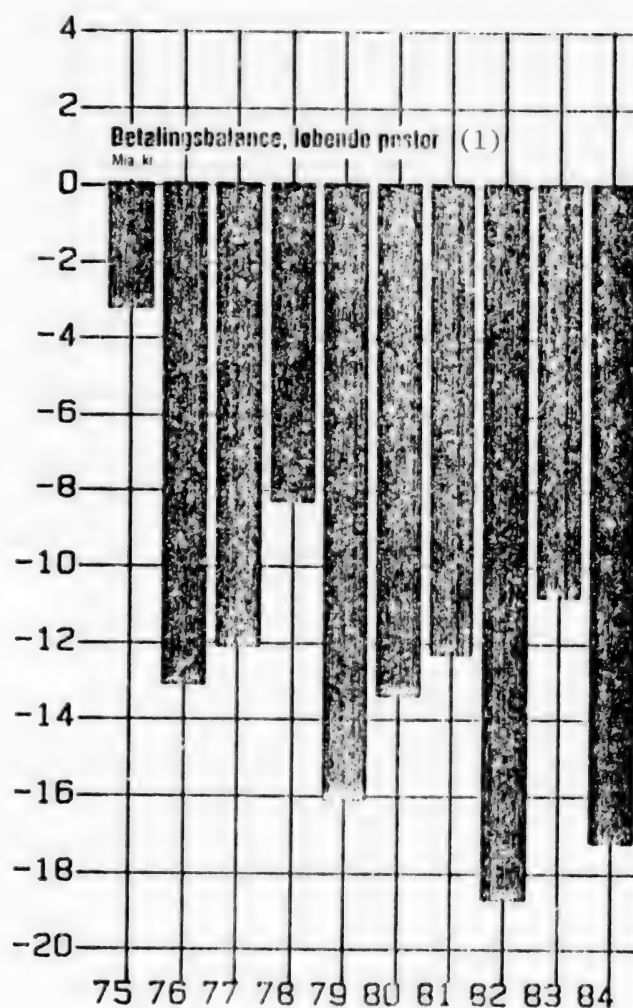


The trade deficit has been reduced, but on the other hand the interest burden has increased.

Key:

- 1. Interest and yields
- 2. Billions of kroner

- 3. Trade in goods



Key:

1. Balance of payments, current entries in billions of kroner

#### Improvement in the Long Run

All in all developments in the longer term do not look so bleak. The latest report from the Council of Economic Advisers, which came out in November, showed that with annual wage increases of 5 percent the Danish balance of payments could be on the plus side by 1990.

This is partly due to the fact that investments in the energy sector will really begin to pay off starting in 1987 and partly to the fact that the present very strong upturn in industrial investments will taper off, which will cut down on imports.

"But of course it is not a matter of indifference whether wages rise 2 or 5 percent," said Professor Karsten Laursen, the head of the economic advisers.

"If wages increase only 2 percent there would be a much more favorable development in employment and if the low wage increases are followed up with tax breaks we will also have a higher standard of living than we will have with a continuation of the wage increases we have had in the past."

#### Foreign Confidence

Thus the Danish economy has adjusted to the point where a freeze on foreign debt is possible if we adhere to a tight economic policy.

This is also reflected in the high degree of foreign confidence demonstrated in the big purchases of Danish bonds.

"The deficit is certainly large but we do not think the Danish krone will be devalued by 5-6 percent a year against the Dutch guilder," said economist Bert Hutton, who is investment consultant for Chase Manhattan's bank in Holland, Nederlandsche Credit Bank.

He has had many clients who found Danish bonds attractive.

Investors have confidence that the firm krone exchange policy will be continued. There may be a slight decline in the value of the krone compared to the Dutch guilder and the German mark, but it will not exceed the current interest difference.

"The Danish economy is sound on many points and it is not fighting with the structural problems we have in the Dutch economy, for instance. Among other things Denmark has a more broadly based economy and we have no anxieties about recommending Danish bonds to our investors."

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ECONOMIC

DENMARK

# SCHLUTER PROMISES TO HOLD FAST WITH ECONOMIC POLICIES

Copenhagen BERLINGSKE TIDENDE in Danish 14 Feb 85 Sec III p 8

[Article by Dan Axel]

[Text] Even though the balance of payments deficit for 1984 was a good 6 billion kroner higher than anticipated, the government will adhere to its goal: the elimination of the deficit.

The standard of living of ordinary Danes will not be strained here and there as long as the labor market factions agree on a "wise" contract. This promise was made by Prime Minister Poul Schluter, who defined a "wise" agreement on the labor market as one that is several percentage points lower than wage developments abroad. "This would insure an improvement in competitiveness. And that in turn would insure a reasonable domestic consumption that would make it possible to avoid drastic tax and duty increases which would only erode wage improvements that were too high," said Poul Schluter in a comment on both the contract negotiations and the final figures on the 1984 balance of payments deficit.

"If the contracts turn out as we hope they will make a very important contribution to our ability in 1985 to obtain a definite reduction in the balance of payments deficit," said the prime minister, although he would not give an exact figure of how much he thought the deficit would be reduced this year.

## Sticking to Goal

"The government is sticking to the goal of totally eliminating the payments deficit by 1988. There must be an exact balance by then. And we are also sticking to the goal of eliminating the budget deficit before the end of the 1980's," said Poul Schluter.

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20 March 1985

## ECONOMIC

## DENMARK

## UNEMPLOYMENT FALLS TO TWO YEAR LOW

Copenhagen BERLINGSKE TIDENDE in Danish 22 Feb 85 p 36

[ Article by Anne E. Jensen: "Unemployment Decreased by 24,000"]

[Text] The many new jobs in industry and construction have resulted in a great decrease in unemployment which now is at the lowest level in over two years.

Unemployment continues to decrease. At the end of 1984 there were 24,000 fewer unemployed than at the end of 1983, according to a report from Denmark's Statistics.

The decline in unemployment is so great that one must go back for more than two years to find a lower figure. Adjusted for the normal seasonal variations and the effect of changing weather, there were 253,200 unemployed in December. That is the lowest figure since August, 1982.

Unemployment increased constantly from the middle of the 1970's until April of last year. During the fall months, unemployment decreased in earnest by reason of the many new jobs which were created in the private sector. Employment in the public sector has increased only slightly.

This is in contrast to the development up to and including 1982, when unemployment was attempted to be brought down through employing more people in national and local government.

There are 22,000 and 2,000 women among the fortunate ones who have found work. The decrease in unemployment is particularly marked in trades dominated by men. That pertains to building trades, where unemployment has decreased by one-third, and among metal workers, where one-fourth of the unemployed have found work.

Additionally, special workers have noted the better times with a decrease in the number of unemployed by one-tenth, whereas there was a decrease for female workers of 4 percent. Academicians have had only a limited decrease in unemployment.

The lower unemployment has benefitted particularly the totally unemployed. The figure for totally unemployed people has dropped by 20,000 during the past year. In contrast, there were more short-time unemployed in December, 1984 than the year before.

12578

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ECONOMIC

DENMARK/GREENLAND

LOCAL ECONOMY SUFFERING FROM SEAL KILLING BAN

Copenhagen BERLINGSKE TIDENDE in Danish 22 Feb 85 p 7

[Article by Tholkild Dahl: "Greenlanders Near Bankruptcy After Young Seal Campaigns"]

[Text] The international campaign against hunting young seals in Canada also has affected the Greenland hunting society--especially hard in Scoresby Sund. Only the search for oil in eastern Greenland can rescue the hunting society of Scoresby Sund from a multi-million kroner deficit.

Brigitte Bardot and the environmental organization, Greenpeace, have brought the eastern Greenland town of Scoresby Sund to the edge of bankruptcy and without income from the sale of seal skins, the hunting village of 500 residents is working toward an unpaid debt of 4.3 kroner.

The debt has accrued over many years, primarily through failure to pay the Greenland Ministry for materials for self-constructed housing. The National Auditor has criticized the administration of the municipality, but also points to the difficult economic conditions for the inhabitants.

Greenland Minister Tom Hoyem (CD) characterized the debt as unacceptable during a visit last year in Scoresby Sund, and demanded that it be paid before the end of 1984. That did not occur.

"We have now requested the advisory council for Greenland municipalities to grant permission for Scoresby Sund obtaining a loan from the Greenland Bank in order that the ministry can receive its money," Tom Hoyem told BERLINGSKE TIDENDE.

"We want this solution now, both for Scoreby Sund's own sake, and because the government should be paid the money which it is owed," the Greenland Minister states.

The current debt of 4.3 million kroner, however, cannot be liquidated. The municipality has 500 inhabitants and the government block-grant in 1983 was 800,000 kroner.

Scoresby Sund's economic future lies in the search for oil which is to commence this summer. The town was artificially created in 1925 in the isolated eastern section of Greenland in order to mark Denmark's claim to the area, and the sale of seal skins has been the primary income. That ceased suddenly and undeservedly when the French actress, Brigitte Bardot, and Greenpeace strongly criticized the hunting of young seals on Canada's coast.

The difficulty of obtaining payment of the government's money does not apply to Scoresby Sund alone. The Greenland Ministry has sent extra personnel to Greenland in order to train personnel in municipal offices in bill-collection techniques, according to Tom Hoyem. Unpaid bills to the government increase every year and the amount is now about 150 million kroner. The remainder of 47 million kroner from business subsidy measures was transferred at the beginning of the year to the home-rule government.

12578

CSO: 3613/113

ECONOMIC

DENMARK/GREENLAND

BRIEFS

EC WITHDRAWAL HELPS PRICES--Godthaab--Spending money goes farther in Greenland since the withdrawal by the country from EC. The shops run by the Royal Greenland Trade Company [KGH], as well as other stores, have lowered prices on a large number of food items. A liter of homogenized milk in KGH's shops has fallen from 6.60 kroner to 5.00 kroner, and a quarter kilo of butter, from 12.25 kroner to 8.50 kroner. Cheese also has become cheaper. Havarti cheese, for example, has dropped from 48.25 kroner to approximately 32.00 kroner per kilo. Sugar previously cost 24.80 kroner for two kilos, but the price now has fallen to 15.25 kroner. The price decreases are attributable to Greenland no longer being dependent on EC pricing policies, but instead, importing goods now at world market prices. [Text] [Copenhagen AKTUELT in Danish 8 Feb 85 p 12] 12578

CSO: 3613/113

ECONOMIC

NETHERLANDS

## DEMOGRAPHIC, SOCIAL FACTORS CAUSING UNEMPLOYMENT

Amsterdam DE TIJD in Dutch 25 Jan 85 pp 8-14

[Article by Gerard Driehuis and Tom-Jan Meeus: "The 800,000 Unemployed: Fiction and Facts"]

[Text] Fact: maintain all the now existing jobs, establish an enterprise the size of Philips every year, and even then unemployment will still go up. Another fact: every week 15,000 people find a new job. One more fact: the number of jobs will go up in 1985, but unemployment will remain the same. There is a great deal of talk about unemployment, but what are really the facts behind that figure of 800,000? Or, more accurately: do those 800,000 unemployed really exist?

On 1 January 1975 nearly 4.7 million Dutchmen had a job. On 1 January 1985 something like 5.2 million Dutchmen had a job. Five hundred thousand more. In the meantime unemployment rose from somewhat below 200,000 to 820,000.

Six hundred and twenty thousand more. More people with a job. More people without a job. Furthermore, there are no 800,000 unemployed.

How bad is unemployment? A forbidden question. As a matter of fact, it is bad. "Public enemy number one," said Den Uyl. "A disaster," commented Lubbers. But what does the enemy look like? How great is the disaster? And how does the disaster relate to the economic crisis?

The unemployment does not exist. The enemy's strength is not 800,000. The disaster does not extend solely to young people. And the policy of either Den Uyl or Lubbers is not the main culprit.

Every time unemployment is the subject of a conversation, for example in parliament, they are usually talking about the solution to the problem. About how many hours we should work less. About how great economic growth should be to find work for so many thousands of people next year. About attractive investments which will solve everything. And about the economic crisis which has caused everything.

But a solution can be found only if a clear analysis has been provided. In virtually all comments about the beginning of the year, unemployment is heralded as the problem for 1985. The fact that hundreds of thousands of people are without a job against their will justifies that. And in order to

bring the problem of the year into relief, it would seem useful to stop talking globally about unemployment for a moment.

#### Registered and Removed

Average unemployment in 1984 was 820,000. (By the end of the year there were 800,000, but we are talking about the average for the whole year.) And yet, last year an average of more than 10,000 people per week found a job -- figured over the whole year approximately 780,000 people were removed from the unemployment lists. At the moment, the number of people being registered with the labor offices (15,000 per week) is as great as the number of people being removed from the lists there. As a matter of fact, not all people being removed find a job: some people stop looking, are no longer figured in for technical reasons or have died in the meantime. But the majority of the 15,000 have simply found a new job. It is true that unemployment has become stabilized around the 800,000 figure, but to a substantial extent this constantly involves different people.

There is something to be said for the argument that it is not really a disaster to have to look for work for a couple months. Annoying perhaps, but not insurmountable. Half of the unemployed find another job within a year and should therefore not be counted as belonging to the actual problem group. Hence, a sub-category for those who are unemployed and those who work periodically may not be all that crazy. The 800,000 unemployed do not exist.

#### Young People and Older People

This does not mean that we want to claim that consequently unemployment is not a problem. Because that group of people, those nearly 400,000, who are long term unemployed have increasingly less chance of ever finding a job. The accompanying charts indicate that the greatest problems exist among the young and the elderly. It would not seem to be a daring position to argue that virtually none of the long term unemployed over the age of 50 will ever be able to get a job. Anyone who is 53 years old and has been out of the labor process for 2 years already knows full well that the chance of finding a new job is about equal to zero.

After having divided the figure of 800,000 unemployed in half because half of the unemployed will be without a job for only a limited period of time, one could deduct a little less than 100,000 from the remainder: the older people, because they will never be able to find a job. Whatever flight economic growth may take, however strong the attraction of the economy may be, those nearly 100,000 can simply forget it; and they are apparently forgotten as well. Indeed, who has ever heard of a work plan for older people?

#### Selection of School and Occupation

in short, even a brief general recalculation of the actual problem shows that there is no problem of 800,000 unemployed, but of a smaller group. Furthermore, that group does not consist of average Dutchmen. Origin, training and age play a major role. The chart entitled Predict the Duration of Your Own



Unemployment shows that the probability for long term unemployment is much greater for one group of Dutchmen than for others. Hence, general plans to fight unemployment, such as a reduction of working hours over the whole spectrum, will have little effect on specific problem groups.

The charts try to clarify where the problems are. One kind of training provides a better outlook for a job than another. But the annoying thing is that awfully little can be said about the future. Past predictions about the development of the labor market have one thing in common: the fact that they are not right. Anyone who determined his school selection on the basis of such predictions will often have ended up disappointed. It is clear, however, that general education seriously increases the likelihood of long term unemployment compared to specific training. And that a completed education is better than half an education.

The number of scientific and specialized occupational functions increases most rapidly. For some of those kinds of professions things are also going well in 1985. Especially architects, engineers and technicians are doing well. Teachers, on the other hand, are not doing well. Following years of very rapid increases in the number of jobs available to them, that number is going down now. That is where the problem lies in terms of occupation and school selection: even though the number of jobs in scientific and professional specializations may have risen, that is also the case for the number of unemployed. And that phenomenon is connected with the real cause of the unemployment: it does not lie in the elimination of a number of available jobs but in the increase in the number of people who want to work, in short the working population.

#### Tens of Thousands of Newcomers

In 1980, 5.4 million people wanted to work. Shortly the limit of 6 million will be reached. By 1990 that number will have risen to 6.5 million. In 1984 the working population increased by 83,000. In other words: for unemployment to remain the same, if all current jobs were to remain in existence an enterprise the size of Philips Netherlands would have to be opened up every year until 1995. (From 1975, the year when the recession began, until now a total of 500,000 more people have gone to work, hence 500,000 jobs were added -- seven times the size of Philips Netherlands.)

Anyone who, based on the proportionately higher unemployment figures in the Netherlands, claims that the Dutch economy is in worse shape than those elsewhere either does not know what he is talking about or is guilty of deceit. As a matter of fact, the higher Dutch unemployment figures are simply due to the fact that in the Netherlands jobs must be found for tens of thousands of newcomers every year while this is not the case in other countries. The following figures clarify this:

Table 1: Increase in Working Population in the EC

|             | <u>Percentage</u> |
|-------------|-------------------|
| Belgium     | 0                 |
| Denmark     | 1.3               |
| FRG         | -0.1              |
| England     | -0.5              |
| Italy       | 0.9               |
| Netherlands | 2.1               |

In the FRG the working population is decreasing and unemployment is going down virtually by itself. This is even more strongly the case in England. In the Netherlands it will be a tremendous task just to keep unemployment the same.

#### Women Push Forward

Hence, the cause is the newcomers. And the newcomers are primarily women. The charts indicate that the percentage of men who want to work has dropped substantially in recent years. But that drop is more than compensated by the percentage of women who want to work.

And here we immediately come into the danger zone in terms of making predictions. In recent years, the eagerness of women to work has always increased more than had been expected. The most substantial growth now occurs in the late twenties group. Traditionally, younger women did want to work but they stopped after marriage. Suddenly, they are apparently not doing this in great numbers. It is absolutely uncertain whether that pattern will be maintained, and whether as a result there will be an increase in the percentage of working women 30 or over during the coming years. If that happens, then the economic recovery will have to be pursued much more vigorously yet in order to at least maintain the level of unemployment.

In recent years, the economic forecasters estimated that the high unemployment rate would discourage women from looking for a job. But now it has been proven that the policy snake has bitten into its own tail.

To fight unemployment the wage increase was kept low, and in some sectors wages were reduced because of the reduction of working hours. It was assumed that as a result unemployment would go down. However, something else happened: because of those measures family income went down, which prompted women to go to work or to continue working in order to maintain the level of income. The result was a rise in unemployment instead of a drop.

This process probably takes place in other countries as well, but in the Netherlands the effects are felt much more strongly because in this area the Netherlands is also a good deal farther behind than many would have hoped: for decades it has been common in most other Western countries for women to work, whereas in the Netherlands it was the husband who earned a living. The percentage of married working women in France fluctuates around 50 percent; in the Netherlands that percentage is 20. The catching up operation by women who

are looking for a job is a very important explanation for the unemployment. Unemployment has very little to do with the economic crisis and will hardly be solved by the end of this crisis.

The charts indicate that there is still a substantially higher percentage of men who work than of women. Hence, the latter can still go up substantially. It could be argued that Marcel van Dam's 25 hour plan could increase unemployment: the pressure on family income could cause a sharp rise in the number of women looking for a job.

#### More Births

And then there is that other uncertain factor which helps determine unemployment: the number of births. Two years ago, the large numbers of children in families coming from countries in the Mediterranean area had already led to an adjustment of the estimated number of people looking for work during the coming decades. Now that there are indications for rising numbers of children in general those projections could well be upset once again. If, as a result, the number of job seekers were to rise to 6.5 million (which is likely) then 2 million new jobs would be necessary between now and the turn of the century in order to find everybody a job. Even a massive division of labor could hardly produce that many new jobs in such a short time.

#### Writing on the Wall

Given the above mentioned fact, the situation is not getting any better for the long term unemployed. Provinces are learning how small the likelihood is that long term unemployed individuals who did not finish school will ever be able to find a job. And that process is taking place all along the line. Just look it up: in 1980, 70 percent of all the unemployed had been without a job for less than 1 year. In 1985, more than half (400,000 people) of all the unemployed will have been unemployed for 1 year or more. And about 25 percent of them (200,000 people) will have to acknowledge that they have been without a job for more than 2 years. Those who do not have a chance.

The provinces of Groningen, Northern Brabant and Limburg have the largest numbers of long term unemployed; most of them are to be found in the older age brackets. Construction workers and chauffeurs are occupations with little future for men; among women, textile and household workers are often unemployed for a long time.

Among young people, those who have a hard time finding work are usually the drop-outs: those who did not complete their education. It is also striking that students with only a preliminary degree are most likely to become long term unemployed.

Ever fewer young people below the age of 20 are presenting themselves on the labor markets: they are studying longer and go to the labor office later. Nevertheless unemployment among the very youngest is rising anyhow. Writing on the wall. But we find the largest group of unemployed in the 20-24 age bracket: more than 250,000 unemployed fall in this category. The majority

in this group are people who did not finish school; for those in this category who did not leave school it is relatively easier to find a job.

### Better Young than Old

Overall, more than 300,000 young people are unemployed. The reasons: too large a supply and the demands which employers can make on young people who usually have to compete with hundreds of others. The young people who find work change jobs very often. If they find something, then it is usually a temporary, low paying, simple job with irregular hours: jobs for beginners who receive internal training, but which are far from always transformed into actual jobs; but they do save -- fortunately -- many people from the real misery: long term unemployment.

Among the older people -- 50 years old and above -- the situation is definitely without any prospects. The number of long term unemployed is highest among this group: 70 percent have been unemployed for more than 1 year. Their training is not very adaptable because of its obsolescence; the possibilities of moving are fewer and in addition older people often lack a sufficient physical capacity to get started. Our country has 90,000 older people who are unemployed, the majority of whom are less educated men. Evidently, this group is too small to be considered politically interesting. Unemployment among older people arouses barely any interest.

Another often forgotten group consists of foreign workers: their position on the labor market is many times worse than that of Dutchmen and this trend is continuing. The latest figures indicate that 22 percent of all foreign workers (including EC) living in the Netherlands are without a job. This is primarily due to the fact that enterprises "exchange" their foreign workers for Dutchmen. Long term unemployment hits foreigners mercilessly hard: once they have become unemployed, they virtually never find a job again. Furthermore, it seems that foreign workers, unlike most Dutch long term unemployed, persevere in looking for work: they solicit more than anyone else.

For anyone who, in spite of all this, remained somewhat optimistic there is another sorrow: the position of ethnic minorities, seen here in terms of the situation of the Surinamese and the Moluccans. The situation of the Surinamese is far from rosy: the latest known figures (for 1982) indicate a 25 percent unemployment rate. At that time, more than half of those were already long term unemployed and only 26 percent had a real chance of getting a job. That was in 1982. And then the Moluccans: 40 percent (...) of them are unemployed, while among the young people more than 60 percent had been looking for a job for more than 2 years. That figure also goes back to 1982 and consequently it is more than likely that it has long been overtaken, if only because of the increased interest of Dutchmen in paid labor.

True: the 800,000 unemployed do not exist and that is not completely without satisfaction. But there is little good news to report. Unemployment is somewhat more complicated than one would think at first sight. But the increased long term unemployment among the young, the older people and the foreigners provides little reason for optimism.

A large number of the figures included in this article are taken from "Rapportage Arbeidsmarkt 1984" [Report on the 1984 Labor Market], published by and obtainable from the Ministry of Social Affairs and Employment, 1984, and from the comments on the above mentioned report by the Council for the Labor Market and published by the SER [Social Economic Council].

8463

CSO: 3614/64

ECONOMIC

SPAIN

### THREE-YEAR ECONOMIC PLAN SUMMARIZED

Madrid MERCADO in Spanish 25 Jan 85 pp 16, 17

[Passages enclosed in slantlines printed in boldface]

[Text] The Secretariat of State for Economics and Planning has finished the third part of the 3-Year Economic Plan, the section dealing with the sectorial policy that will govern the Spanish economy. The important innovations in this third section of the Plan are a schedule for public investments for the 1984-1987 period and, above all, a very detailed delineation of the most future-oriented sectors in the Spanish economic system. It is to these activities that Spain will look in the medium and long terms to replace its outdated business structure. Although this represents just a halting start in the effort to identify the country's priority economic activities, this part of the Plan is extremely valuable precisely because it blazes a trail that must later be widened and paved by the businesses themselves. The third part of the Plan is being reviewed by the various ministers, who may make suggestions /"of philosophy"/ but may not change the scheduled investment figures.

To begin with, the Plan defines the volume of investments earmarked for the public sector through 1987. The document estimates that the government, its agencies and public enterprises will invest 2 trillion pesetas this fiscal year, including their own resources. In 1987 this investment will rise to 2.2 trillion. During the period in question there are five /"superinvestment"/ sectors: transportation, whose investments will climb from 250 billion pesetas this year to 300 billion in 1987; housing, where 125 billion will be invested in 1985 and 128 billion in the final year; water projects, with 95 billion this year and 110 billion in 1987; health, with 80 billion and 95 billion, respectively; and education, with 80 billion and 90 billion pesetas, respectively. These five sectors account for 31.5 percent of total investments this year, and their share will rise to 32.6 percent by 1987.

#### Poorest Sectors in the Crisis

To select the areas of activity that will be emphasized in the future, the Plan presents a historical overview of the Spanish economy from 1964 to 1983. It notes that the share of the primary sector in the growth of the GDP has fallen from 15.6 percent in 1964 to 9.5 percent in 1983; that the industrial, or secondary, sector boosted its share during that period from 34.3 percent to



39 percent; and that the tertiary sector also grew, although at a lesser rate, from 50.1 percent to 51.5 percent. The number of people employed in agriculture, livestock and fishing is steadily shrinking, having begun at 36.8 percent in 1964 and ended at 17.8 percent in 1983. On the other hand, the rise in the services sector, from 37.2 percent to 48.2 percent, could almost be termed violent; industry, likewise, rose from 26 to 34 percent despite its widespread crisis.

With this historical-economic analysis, and the awareness that our future development cannot depend on the sectors or activities that have been most severely affected by the crisis, the Plan reaches a discouraging conclusion: /"At this time there is no industrial sector that is important and fast-growing enough to serve as a driving force, while the services sector is showing the greatest influence."/ In other words, the Spanish economy is moving toward a "tertiarization," just like the other Western societies.

### Food, the Future

In the primary sector, the Plan leaves no doubt that it considers the agro-food industry to be the great star of the future. It points out, however, a series of major flaws in the current profile of the sector that must be corrected: a small-scale industrial structure, in which very few industries have a volume comparable to that of foreign firms; a deficient distribution structure; a lack of options for foreign marketing; insufficient technology, lagging far behind that of Europe; and a shortage of internal funds, meaning that businessmen turn to the Agricultural Credit Bank and the Companies for Industrial Development (SODI) to play a more active role in their financing.

The Plan proposes a very active participation by the public sector in this area at three levels: On the first level a certain degree of integration would have to be attained between private and public enterprises to achieve economies of scale in advertising, research and development, marketing networks, etc. The second level entails using as a point of departure certain small and medium firms with vigorous growth rates and high profits, in order to rationalize the sector. The public sector would infuse its own funds into those firms to attain a healthier growth; it would act as a catalyst in the process. The third level would involve facilitating the formation of companies with risk-capital participation by SODI's, Promotion Associations and the like. According to the Plan, "the basic priority of an agro-food policy would be the creation of commercial networks abroad" and the participation of the government in research and development in the sector, besides the areas of participation already mentioned.

### New Industrial Horizon

The secondary or industrial sector is undoubtedly the most problematic, because it has been hardest hit by the economic crisis and is undergoing an almost savage reconversion process. The Plan calls for a series of structural changes of an institutional nature in the area of technological research: The first would be to pass a Science and Technology Act that would modify planning and control mechanisms; the second would be to pass a Patent Law that would enable the sector to meet the requirements for entering the European Economic

Community; and the third would entail revising the Transfer of Technology /"in order to abandon the almost exclusively defensive approach aimed at avoiding possible abuses by those who sell the technology, in favor of a positive approach that would take advantage of the information possessed by the Technology Transfer Registry and would reflect the technology demands that go unmet or are insufficiently met by our domestic technology supply."/

The attached chart sums up the future-oriented activities selected by the Plan. In the area of industry only newly developed activities are listed. Future-oriented activities have also been noted, however, in traditional industrial sectors. Here are a few of them: /solar energy (photovoltaic conversion, solar panels); heat pumps; wind energy (large- and small-scale aerogenerators); equipment for rationalizing electricity consumption; geothermics; energy savings; bioenergy; weapons electronics (contribution to the program of missiles, fuses, sonars and submarine weapons, fire control, electronic mines); avionics (radars, navigation equipment, radio aids); data processing equipment (design and manufacture of a new range of business microcomputers, a new range of accessories); design and construction of warships, combat vehicles, rockets and missiles, fire control; design and construction of training aircraft for military use, co-manufacturing of advanced aircraft (Airbus, Faca, Ariane); and machinery for manufacturing plastics and complexes./

#### Here Are the Keys

##### Primary Sector:

- Agriculture
- Agro-food industry
- Subtropical fruits
- Ornamental plants and flowers
- Fodder technology
- Development of fishing grounds
- Aquaculture
- Legume and grain fodder
- Soil conservation
- Ecological balance
- Aromatic Plants

##### Industrial Sector:

(New areas of development)

- (1) Biotechnology
  - Genetic engineering
  - Enzyme engineering
  - Immunology
  - Hydroponic cultivation
  - Cloning
- (2) Robotics and industrial automation
- (3) Fine chemistry
- (4) Treatment of waste and biomass
- (5) New materials

Services:

Tourism

Transportation and communications

Financial and insurance institutions

Education and research in business (legal, fiscal, labor, advertising,  
resource development, etc.)

Recreational and cultural services

Personal services

8926

CS0: 3548/84

ECONOMIC

SPAIN

PRC TRADE MINISTER WANTS TECHNOLOGY, MACHINERY

Madrid EL PAIS in Spanish 31 Jan 85 p 12

[Article by Rosa Cullell]

[Text] Barcelona--The Chinese minister of foreign economic relations and trade, Chen Muhua, arrived yesterday in Barcelona, whence she will travel to Madrid, to expand trade between Spain and the PRC. The trade minister's trip to Spain is part of the economic open-door policy that the Chinese Government has begun. As an exporter to Spain, China has moved up from number 32 in 1978 to 16th place.

Last November, during the first **trip ever** to Spain by a Chinese president, Li Xiannian and Spanish trade officials looked into the possibilities for expanding economic and commercial cooperation between the two countries. Chen Muhua's visits yesterday to several Catalan companies (Codorniu S.A., Nutrexpa S.A. and Seda Union) and her visit today to Induyuco S.A. in Madrid are part of this effort at cooperation.

The PRC minister visited the Miro Foundation and lunched with the president of the Catalan Assembly, Jordi Pujol, yesterday and will meet with King Juan Carlos and Prime Minister Felipe Gonzalez today. Afterwards, Economy Minister Miguel Boyer will chair a session bringing together Spanish and Chinese representatives to analyze new channels for economic cooperation.

The Chinese trade delegation to Spain is interested primarily in two areas of Spanish industry: technology and machinery, Luis de Velasco, the secretary of state for commerce, asserted yesterday.

3743

CSO: 3548/90

ECONOMIC

TURKEY

## OZAL ON GATT, EXPORT INCENTIVES, KWU TALKS, BAILOUTS

Istanbul DUNYA in Turkish 15 Feb 85 pp 1,7

[Prime Minister Turgut Ozal's press conference on 14 Feb 84 in Ankara]

[Text] Prime Minister Turgut Ozal said that export incentives to the textile sector will be lifted "for now" within the framework of a subsidies agreement with GATT. Prime Minister said that the government (does not) feel apprehensive about the possible consequences of the agreement, "hoping" that discussions with the U.S. next week "will come to a good issue."

Ozal was received by President Kenan Evren yesterday. Making statements about a variety of issues after the meeting, Ozal said that after the U.S. import restrictions on Turkish textile products, there is not much to worry about the "Subsidy Code" agreement signed with GATT. Noting that incentives had already been substantially reduced in this sector, Ozal pointed out that though the agreement covers all export incentives, as far as Turkey is concerned it is confined to incentives for certain textile products "at this stage."

Referring to developments concerning the bid for Akkuyu nuclear plant, Ozal noted that negotiations with the German firm KWU are continued. However, if some of the guarantees demanded are not forthcoming then "another formula might come into consideration." Here is how Ozal responded to questions:

(Question) The lifting of export subsidies is being planned within the framework of GATT agreements, becoming operational on 1 March. How will it affect exports?

(Answer) We are not talking about lifting all export incentives. What is under issue is incentives connected with textiles. In fact it is some textile sub-sectors, mostly related to clothing. We have already brought down the tax rebates considerably. In textiles they have come down quite a lot. Therefore we have nothing to worry about. There is no problem with the reductions in tax rebates. Our own manufacturers would like it that way too. We have no worries whatsoever. Relevant negotiations will be conducted in America. I hope we will get good results.

(Question) Is the lifting of the subsidies confined to textiles?

(Answer) Yes. It is related to textiles, that is what we are saying presently.

(Question) There has been discussions with the Germans about the nuclear energy plant. It is said that the Germans have left Turkey without accepting the Turkish proposals.

(Answer) Of course, there is no way I can know the answer to that question right now. The Germans have been presented with a basic principle. There is a formula, introduced by us, that applies to nuclear power plants, electrical power plants etc. That is the formula called 'Build-Operate-Transfer'. We have proposed this formula to several firms, including the Germans. Furthermore, there are certain preliminary studies concerning thermal power plants working on imported coal. In fact our own private entrepreneurs are thinking of working on the basis of this formula, jointly with foreign capital, on lignite or hydraulic power projects. Some have been making preparations in that direction. Time will tell. When we made this proposal to the German consortium they were reluctant. In view of our good relations with Germany and the reputation of the consortium a 'middle-way' has been proposed. It is not wholly a 'build-operate-transfer' formula in other words. It is 'their' middle-way formula. We have sought certain guarantees. We expressed our preferences regarding the modes of payment and their liabilities if it turns out that we are held liable for the payment of the loan, and in case the plant does not receive business or a sufficient amount of business. If these conditions are not accepted then it will not be possible to offer this job to them. Whoever accepts this offer with these conditions we would do business with. And I might add that there are other applicants waiting in the line, who could be brought into circulation. But naturally we could not accept new entrants without having first reached a final decision concerning the two bids we have inherited from the previous government. The Canadian firm has accepted this offer in principle. It is necessary that we negotiate with them as well. It will take two or three months of negotiations to determine how the formula will work, and what kind of rates will apply.

(Question) Exporters are insistently demanding that the names of dummy exporters be revealed.

(Answer) We are estimating that our exports will be around \$7 billion this year. In order to raise exports to this level, Turkey had to offer quite high incentives. We had no other option. All these incentives have been implemented, without going to extremes. It is true that credits received for exports may be used, or misused, in other ventures not related to exports. When this is brought to our attention however, we could implement heavy fines on those firms not fulfilling their export obligations. These have been done. Some of our firms which could not fulfill their export obligations through regular channels have resorted to other means. They have either transferred other firms' exports to their books, or having reached agreement with the importers they have paid them monies secured from workers in Germany. This kind of wheeling-dealing occurs in every corner of the globe.



What is surprising for us is the way the whole thing has been greatly exaggerated in our press. For instance, some Common Market agricultural exports are very heavily subsidized. When these are exported to Turkey very large subsidies apply. But when they are exported to the Iron Curtain countries the subsidies are lowered. So some Common Market exporters have been using Turkey as an intermediary, exporting to the Iron Curtain countries via Turkey. Strictly speaking this is a forbidden practice. But all over the world industrialists and exporters would try to get hold of such advantages if they can get away with it. This is all due to the fact that the economy is not totally liberalized. But if the rules of the free market are fully implemented then these practices would disappear, automatically. It is we who have given rise to dummy exports. I will tell this much (as I have in a previous fraud case). These are all due to our not having made the transition to a completely liberalized economy. I will also tell you that we will not divulge any names before the matter is cleared. Exporting is a delicate business for Turkey. If we are to avoid the bad old days, we would have to show extreme care for our exports. We will not let anyone rip off the state. If there is anything unlawful we will pursue the matter. We will not allow this matter to reach levels that would disturb others.

(Question) There are conflicting stories in the papers about bailouts. What measures will be brought by the government in this matter?

(Answer) In previous years Turkey has been undergoing a structural transformation. There are firms which could not adjust to these changes. Heading that list are the workers' companies which have suffered considerable damage due to bad management. For a variety of reasons the workers' companies have reached almost a state of paralysis. This is where the problem is. At the same time, it is a social problem. There are also private companies which have suffered a similar fate. In principle we do not favor bailing out any firm. If measures are taken to improve Turkish economy in a general sense, we might help the companies to regain their health, and improve themselves. But we can do this only within the general context. This cannot be regarded as a salvage operation, saving companies one by one. The monies owed to the state may be reimbursed by making these companies operational. If not they could be gradually sold bringing in some revenue. We can try other formulas like rescheduling debts, and, if the companies can be made operational, to induce shareholders to raise their own capital and so on. This is not a salvage operation. This is the formula we support. In other words we do not contemplate handing out money from the state to this or that company, absolutely not. We will not issue credit from any source.

(Question) Do you think in terms of nationalizing the companies?

(Answer) No, we do not want to put an extra burden on the state.

Meanwhile, we are introducing a draft bill at the Assembly, for the benefit of wage and salary earners. The bill introduces changes in the Tax Rebate Law as indicated below: a 20 percent tax rebate will be offered for the first TL 25 thousand, 15 percent for the second TL 25 thousand, 10 percent for the next TL 50 thousand, and 5 percent for anything above that.

ECONOMIC

TURKEY

# INONU RAPS OZAL EXPORT POLICY; URGES POPULAR DEMOCRACY

Istanbul CUMHURIYET in Turkish 15 Feb 85 p 7

[Text] SODEP leader Erdal Inonu returned to Ankara yesterday after completing his 4-day visit to Southeastern Anatolia. Inonu will start his eleventh tour today covering Corum, Amasya, Sivas and Yozgat.

Talking to journalists and answering questions on the way to Sanliurfa, SODEP leader demanded that the government divulge the real export figures after deducting the 'dummy exports'. Criticizing the government's reluctance to reveal the names of firms engaged in dummy exporting, Inonu said:

There are two points about dummy exports. The real export figures should be announced. This figure should be arrived at after deducting dummy exports. The other point concerns the criminal investigation into dummy exporting, reclaiming the export rebates paid out to firms involved in dummy exports, and introducing preventive measures. These have not been done. They can be done without incriminating the honest merchant. The government is withholding the dummy export figures so as to cover up its own failure in exports (which has been touted as a grand success). The prime minister wants us to blindly accept everything he says. But when a fraud appears too obvious to cover up we begin to see through the curtain. He is trying to cover up the facts so that the error of his policies is not revealed. But the whole matter is as conspicuous as a spear wrapped up in a sack.

Upon his arrival in Sanliurfa, Inonu was welcomed on the Euphrates Bridge at the provincial boundary by a large crowd that included the mayor, Halil Ibrahim Celik (who belongs to the Prosperity Party).

At an informal meeting arranged in Sanliurfa, Inonu dwelled on the issue of human rights and freedoms. Issuing a call to the people to regard democracy as their own, Inonu said:

There is no law telling us we should suspend democracy. We should understand our responsibilities and discharge them. No one is entitled to the attitude which says: 'Although the Constitution and laws require me to do this, I will not be able to do it because of present circumstances, the leader tells me not to do it'. We do not recognize the thing called the transitional period. The Constitution

has been approved and is operational now. Democracy cannot be left to the discretion of one individual, one party or one party leader. Democracy is contingent upon the fulfillment of responsibilities by everyone, only then it could thrive. All citizens, public and private organisations should treat democracy as their own.

12466

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ECONOMIC

TURKEY

# LACK OF PLANNING DISSIPATES REMIGRANTS CAPITAL, KNOW-HOW

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 26 Jan 85 p 12

[Article by Berthold Seewald: "Back Home Hard Work No Longer Has Smell of Success"]

[Text] Guest workers come back home with a pocketful of savings and lots of know-how. But anyone who thinks that they help raise the development standard of their homeland is all wrong. Most of their money is channeled into unproductive undertakings and social barriers prevent the returnees from putting their capabilities to good use.

Katerini is one of those Greek country towns where a tourist stops only when he has to—for instance, if his car breaks down. These are the very confrontations with a foreign country, unintentional as they may be, which quickly prove favorite, familiar theories correct—because the Bavarian dialect the mechanic in the workshop with the familiar trademark on it speaks is proof positive that the man is a former guest worker. And once the car is in running condition again the tourist is willing to accept what the politicians have been saying all along: that the remigrants are the best development helpers there are.

There is something fascinating about this theory which goes something like this: the know-how and the work ethic the returnees acquired up north is to turn them into the instructors of their native countries whose economic development they also help to fund with the money they earned abroad. Thus, no one need be bothered by a bad conscience—and this applies both to those who employ the guest workers and those who want to send them back where they came from because according to this theory the lesser developed countries such as Greece and Turkey in particular stand to gain from this exportation of labor. In this way, the need which drove these people to the FRG soon turns into a blessing as large numbers of well-trained skilled workers come home and help build up modern industries.

If the tourist with the broken-down car would have looked around Katerini a bit instead of spending the whole day in a coffee house, elated as he was about having found the repair shop, he might have discovered what a Greek-German research team found out: that there are no fewer than 139 automobile repair shops eking out a living in this town of some 15,000 inhabitants.

The question as to why this is so was the subject of an inquiry conducted by two research teams headed by Gay Lienau, a professor of geography from Muenster, and Helmuth Toepfer, a colleague of his from Bonn. Their research work conducted on the spot for several years and the data obtained from repeated polls of guest workers who had either returned home or were still living in the FRG provided evidence of a state of affairs which had until then merely been a matter of speculation on the basis of the unchanged economic situation in Greece and Turkey--namely that both the know-how and the funds of the remigrants tend to go up in smoke without any impact whatever on the pre-industrial realities prevailing in these countries.

For all that, the so-called remigrants might well play a worthwhile role in the development of their native countries. The fact is that although it is often said that the returnees who have gotten used to the West European standard of living are drawn to the already overcrowded cities, it is actually only one returnee out of every 10 who does not return to his native region. And the amazing result of that is that the loss of population caused by the exodus from the rural poverty zones of Greece in Thrace, Macedonia and Epeiros for instance is offset by the number of former guest workers returning to these regions.

The savings brought back home by a Turkish remigrant family for example are quite substantial, according to Toepfer. Given an average stay in the FRG of 93 months, net earnings of DM 1,420 and a 47-percent rate of savings, such a family will have some DM 62,000 at its disposal--not counting financial incentives for returning home and the wife's extra earnings. Assuming that one-quarter of the some 100,000 Turks who left the FRG for Turkey in 1983 took this much money with them, the total sum would amount to DM 155 million--and that is almost equal to the entire financial aid given to Turkey by the FRG during that same time period.

This is a tidy sum in other words--and the owners of these funds seem quite aware of it because the fact that only a few of them tend to move to out-of-the-way mountain communities and that most of them settle down in well established villages and rural towns proves that "their choice of a home depends to a large extent on the economic possibilities and the quality of life they find there," according to Lienau.

The preconditions for using former guest workers as development aid helpers would seem to be good; but the equation does not quite come out.



The business sense and the work ethic which the Greeks and Turks acquired under the relentless pressure of the German high-performance economy are based on but one underlying goal in spite of all the integration strategies in the back of the politicians' minds. The guest workers want to earn enough money abroad in order to be able to enjoy a certain standard of living once they get back home. There is no room in that dream for putting their savings to work to create a more modern society in their native country.

The first thing most of the remigrants do when they get back is to invest in a new home. In northern Greece, for example, there was a huge housing construction boom but there were no impulses given to rural development. Toepfer has looked into the question of how the Turkish remigrants spent their savings. Only a little more than half of what they spent on materials benefitted their home region. Most of the profits earned by the realtors also stays in the big cities where the suppliers are located. At the site itself, neighborhood help takes the place of teams of construction workers. As a consequence, the cost of land is rising; wages are going up; prices skyrocket and settlements tend to proliferate—and the region itself gains nothing in the process.

The fact is that for these people to put what they have learned away from home to good economic use would run counter to the traditional conception of a higher standard of living both in Turkey and in Greece. Ten percent of all remigrants—most of all those who succeeded abroad—tend to retire immediately upon their return home and all those who still have to work for a living see to it that they stay out of farming because the social standing of farmers is abysmally low. Only those who did not make it in the FRG either will go back to the land for lack of anything better—to plots that frequently are no bigger than 4 hectares. But to show that they did "make it" after all, they will use their last savings to buy a used tractor which may enhance their own reputation but not the state of development of their village.

In factories they have virtually no chance of finding a job because in Greece, for example, there still is no such thing as an open job market. Society is still shot through with the cronyism which is a relic of the centuries of Turkish occupation. Anyone looking for a job has to have contacts; whether he is qualified or not is of secondary importance. But the remigrants no longer have the necessary contacts as a rule. The same holds true in Turkey. The "Almance" are treated with suspicion; they are strangers in both worlds and are looked upon as failures to boot, if they are unable to create some sort of independent livelihood of their own.



Under the circumstances, it comes as no surprise that one remigrant out of every three does try to make it on his own. The result is the auto repair shops in Katerini and the myriad tavernas, shops and kiosks which dot the centers of these rural towns which make one wonder whether their owners can actually make a go of it.

Only a precious few remigrants succeed in setting up a lucrative business. Some examples of successful small business establishments which have been cropping up but have done little to modernize the rural areas are the following: renting out harvesting combines purchased in Germany to local farmers; opening Central Europe-type pizza parlors which have become increasingly popular as higher-priced restaurants and starting a discotheque far from the city and equally far from the eyes of the strict parents of youngsters who frequent them. The only exception to this rule has been the budding tourist industry; but there are not many tourists who feel drawn to the north of Greece or the highlands of Anatolia.

And anyone who actually gets the idea that he would like to set up a textile business in collaboration with a German partner (willing to take all sorts of risks) will soon shelve this project in view of all the bureaucratic obstacles which seem almost insurmountable. In this light, "programs for remigrants need to be programs for the development of the regions to which they return. Any structural change in these areas constitutes a step toward the productive re-integration of these migrants." This statement by Cay Lienau applies in equal measure to Greece and her neighbor Turkey.

9478

CSO: 3620/259

ENERGY

EUROPEAN AFFAIRS

# NORWAY'S STATOIL WANTS TO BUY SHARE IN DANISH GAS FIELDS

Copenhagen BERLINGSKE TIDENDE in Danish 22 Feb 85 p 1

[ Article by Svend Bie: "Norway Wants to Buy Portion of DONG"]

[Text] Subsidies in the billion-kroner range from Norway can replace the subsidies from Danish taxpayers to DONG. Norway would use the Danish natural gas network to ship its gas to Sweden, and possibly further, to Norway.

Danish Oil & Natural Gas, DONG, which a year ago received approval for a government subsidy of yet an additional 4 billion kroner, now has the possibility of receiving a billion kroner infusion from a completely new source.

BERLINGSKE TIDENDE has learned that the government-owned Norwegian oil company, Statoil, in ongoing negotiations with DONG has proposed that the Norwegian company buy its way into the Danish natural gas network, possibly overtaking a larger portion of the stock of the Danish government corporation.

It is the Danish natural gas network in which the Norwegians are interested. Negotiations between Norway and England concerning sending Norwegian gas to England have just collapsed, and therefore, the Norwegians now are turning their sights southward.

The natural gas network today is owned by DONG's subsidiary, Dansk Naturgas, and in any case, it will be that company in which Statoil will invest, but the Norwegians also are interested in other construction activity together with DONG, with a view toward solving the Norwegian natural gas problem.

Norway already has a gas line to Germany. That lies very close to the Danish pipeline in the North Sea and it therefore would be cheaper to couple the two systems together.

The Danish pipeline already extends to Sweden, where Norway also would like to sell gas, and additionally, the gas pipeline in Sweden can be extended to the important eastern section of Norway at a reasonable cost.

In contrast, it would be very expensive for Norway to transport the gas directly to the Oslo area. That is due to the difficult terrain conditions both on shore and at sea.

The agreement from of the spring of 1984 regarding the transfer of 4 billion kroner from the government to DONG over a number of years includes a condition that the amount is to be reduced if DONG's economy improves.

An agreement with Statoil therefore could mean that the Danish taxpayers would get away for less. DONG's portion of the natural gas network--a portion of which Statoil wants to acquire in one fashion or another--would cost 7 billion kroner in today's prices.

12578

CSO: 3613/113

ENERGY

NETHERLANDS

BRIEFS

OFFSHORE PERMITS AWARDED--The Hague, 21 Feb--Holland has granted 24 offshore oil and gas licenses for the North Sea to 11 energy companies, the economics ministry said yesterday. A ministry spokesman said the licenses were valid for 15 years. Petroland, a subsidiary of French oil company Elf, received licenses for four blocks, while British Petroleum was granted permission for offshore activities in two blocks. Statoil, the Norwegian state oil company, also received a license, the spokesman said. He said the sixth licensing round would begin next year after applications were made during the first quarter of 1986. [Text] [The Hague ANP NEWS BULLETIN in English 21 Feb 85 p 3]

CSO: 3600/10

OCEAN/POLAR ISSUES

SWEDEN

# SPECIAL AMBASSADOR THEUTENBERG COMMENTS ON ANTARCTICA

Stockholm DAGENS NYHETER in Swedish 21 Feb 85 p 22

[Article by Vibeke Isaksson]

[Text] In a world with shrinking resources, envious glances are being cast at Antarctica. To prevent a future conflict an international conference was held in January in the transantarctic mountains.

On one point everyone agreed: the treaty that prevents new territorial claims against Antarctica must be retained.

Bo Johnson Theutenberg, ambassador and expert in international law, took part in the conference. Sweden is one of the countries that signed the Treaty on Antarctica in 1959. According to the treaty all nations must have free access to scientific research in the area. No military bases can be set up and the environment of Antarctica must be protected in the interest of all mankind.

## Polar Research

"But the question of sovereignty in Antarctica is unclear," said Bo Johnson Theutenberg. "The situation is chaotic. Seven countries, Norway, Great Britain, New Zealand, Chile, Argentina, Australia and France, all lay claim to a sector of the continent."

The treaty system is regulated by 16 countries that conduct polar research in Antarctica, the so-called consultative nations.

"But the treaty does not regulate exploitation of the continent," said Bo Johnson Theutenberg. "There is much concern about the possibility of future conflict. Antarctica is seen as a rich larder to be raided. The oil companies have already shown a lot of interest and they have already performed drilling tests on the continental shelf."

The Antarctic waters are teeming with krill. These are small shrimp that form the base of the Antarctic eco-chain. An unregulated exploitation of krill would lead to disturbances in the entire Antarctic animal world.

The conference was arranged to discuss how to prevent an unregulated exploitation of Antarctica. In addition to the consultative nations, other countries with an interest in Antarctica took part, including the Soviet Union and the United States. Several big environmental organizations, including Greenpeace, were also invited.

#### Environmental Issue

"The aim was to open a debate on the problem," said Bo Johnson Theutenberg. The environmental issue was one of the most important issues to be discussed.

Since 1980 there has been an agreement to protect living natural resources and now they are hoping to have a similar agreement on oil, gas and minerals.

The question is whether the countries with territorial claims to Antarctica should have the right to extract mineral resources or whether all mankind should be regarded as having an interest in these resources.

#### UN Control

When the issue of Antarctica was discussed in the United Nations several underdeveloped countries asked that the continent be internationalized to a greater extent and that the United Nations be put in control.

"There is no support for such a solution," said Bo Johnson Theutenberg. "UN control would create greater chaos.

"The conference agreed that the treaty that exists is so valuable that it must be maintained. For once there is complete agreement on Antarctica between the two superpowers."

Bo Johnson Theutenberg presented the Swedish views on Antarctica at the conference.

"Sweden has a proud tradition as a polar research nation," he said. "Especially in the Arctic, but it is important to be able to compare the Arctic and the Antarctic. Polar research is the very core of basic scientific research involving oceanography and marine biology.

"Sweden meets the requirements for being a consultative nation, but it is the national authorities and the scientific world that must decide whether there is enough money to invest in increased polar research," said Bo Johnson Theutenberg.

#### Frigid Midsummer

The conference was held at the height of the Antarctic summer--in other words the temperature was between -30° and -40° C. The participants were flown from a New Zealand research station to the transantarctic mountains on a Hercules plane equipped with skis.



When the conference was over Bo Johnson Theutenberg and the other 70 participants had a chance to look around at Antarctica.

"We were taken by plane to the geographic South Pole where the flags of the treaty nations wave," said Bo Johnson Theutenberg. "We also visited the Scott-Amundsen station where almost 150 researchers are at work."

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